



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re:

MANITOBA PUBLIC INSURANCE CORPORATION (MPI)

2026/27 MPI GRA

Before Board Panel:

Irene Hamilton, K.C.- Panel Chairperson

Patrick Ireland - Board Member

Kim Sharman - Board Member

HELD AT:

Public Utilities Board

400, 330 Portage Avenue

Winnipeg, Manitoba

Oct 23, 2025

Pages 1452 to 1694

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1	Table of Contents	
2		Page No.
3	List of Exhibits	1456
4		
5	MPI PANEL: IT BENCHMARKING & ROADMAP	
6		
7	ROY HART, Sworn	
8	SHAWN CAMPBELL, Affirmed	
9	JENNIFER ST. LAURENT, Sworn	
10	GARY DESSLER, Affirmed	
11		
12	Examination-in-Chief by Mr. Anthony Guerra	1458
13	Cross-Examination by Mr. Todd Andres	1526
14	Cross-Examination by Mr. Chris Klassen	1627
15	Re-direct Examination by Mr. Anthony Guerra	1685
16		
17		
18		
19		
20	Certificate of Transcript	1694
21		
22		
23		
24		
25		

1	LIST OF EXHIBITS		
2	Exhibit No.	Description	Page No.
3	MPI-48	The 2026 GRA IT benchmarking IT	
4		initiatives and major programs	
5		presentation	1457
6	MPI-49	Response to Undertaking number 1	1525
7	MPI-50	Response to Undertaking number 2	1526
8	MPI-51	Response to Undertaking number 5	1526
9	MPI-52	Response to Undertaking number 6	1526
10	MPI-53	Response to Undertaking number 7	1526
11	MPI-54	Response to Undertaking number 8	1526
12	MPI-55	Response to Undertaking number 12	1526
13	MPI-56	Response to Undertaking number 15	1526

14
15
16
17
18
19
20
21
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24
25

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

2

3 PANEL CHAIRPERSON: Good morning,
4 everyone. Mr. Guerra, would you please introduce the
5 MPI IT Benchmarking and Roadmap Panel?

6 MR. ANTHONY GUERRA: Yes. Good
7 morning, Madam Chair. Before I do that, I just have
8 one exhibit enter to the record, which is MPI Exhibit
9 number 48, which is the 2026 GRA IT benchmarking IT
10 initiatives and major programs presentation.

11

12 --- EXHIBIT NO. MPI-48: The 2026 GRA IT benchmarking
13 IT initiatives and major
14 programs presentation

15

16 MR. ANTHONY GUERRA: Madam Chair,
17 before you, we have the front row panel of witnesses
18 comprised of Roy Hart, our Vice President and Chief
19 Information Technology Officer, Shawn Campbell, our
20 Director of Cybersecurity and Enterprise Architecture,
21 Jennifer St. Laurent, our Director of Major Program
22 Delivery, and Gary Dessler, a principal architect.

23 In the back row we have our Chief
24 Executive Officer and President, Satir Jatana, Kathy
25 Koschik, our Director of Digital Services, Doug Hamm,

1 our Director of Technology operations, Ravi Persad,
2 our Director of Data and Analytics, Sabrina Kauk, our
3 Director of Financial Planning and Analysis, and Lynn
4 Onofreychuk, our Manager of Project Accounting and
5 Value Assurance.

6 May I ask that the witnesses be sworn
7 in please.

8

9 MPI PANEL: IT BENCHMARKING & ROADMAP:

10

11 ROY HART, Sworn

12 SHAWN CAMPBELL, Affirmed

13 JENNIFER ST. LAURENT, Sworn

14 GARY DESSLER, Affirmed

15

16 PANEL CHAIRPERSON: Thank you. Mr.

17 Guerra...?

18 MR. ANTHONY GUERRA: And thank you
19 very much. Ms. Dweh, do we have Exhibit number 48 to
20 show onto the screen, please. Thank you.

21

22 EXAMINATION-IN-CHIEF BY MR. ANTHONY GUERRA:

23 MR. ANTHONY GUERRA: Mr. Hart, this is
24 Exhibit -- MPI Exhibit number 48. Do you see that on
25 the screen?

1 MR. ROY HART: Yes, I do.

2 MR. ANTHONY GUERRA: And this is a
3 presentation that you have prepared with the benefit
4 of your team?

5 MR. ROY HART: Yes, it is.

6 MR. ANTHONY GUERRA: And just as a
7 matter of clarification, this presentation will deal
8 with all of the IT related issues that are to be
9 addressed in this rate application.

10 Is that correct?

11 MR. ROY HART: Yes. It covers both IT
12 and major programs.

13 MR. ANTHONY GUERRA: Okay. And this
14 presentation would help you and your -- your panel
15 members presenting evidence before the PUB this
16 morning?

17 MR. ROY HART: Yes, it will.

18 MR. ANTHONY GUERRA: Okay. I'm going
19 to ask that you now take over the presentation. And I
20 may have some questions for you throughout.

21 MR. ROY HART: Okay. Thank you.

22 MR. ANTHONY GUERRA: Thank you.

23 MR. ROY HART: Good morning, Chair and
24 Board members. We are pleased to present to you
25 today. My name is Roy Hart. I'm the Vice President

1 responsible for technology at the Corporation. If we
2 could go to the next slide, please.

3 Thank you. We'll begin with
4 benchmarking. MPI engaged Gartner to compare our IT
5 spend, staffing, and maturity to a relevant set of
6 insurance and public sector peers.

7 When you include NOVA program costs,
8 our overall IT spend and staffing align closely with
9 insurance payers and remain materially lower than
10 comparable public sector organizations.

11 Over the past year, we've improved five
12 (5) of nine (9) maturity domains, most notably, in
13 program and portfolio management and in data and
14 analytics while acknowledging that our strategy
15 function must continue to mature.

16 These results give stakeholders
17 confidence that we're investing in the right areas and
18 managing to industry standards. Our strategy and five
19 (5) year rolling roadmap are being developed to
20 support the Corporation's goals by rigorously managing
21 technology risk.

22 The principle is straightforward,
23 stability, security, and compliance first, then
24 sustainable modernization. We are addressing risks,
25 proactively -- sorry, aligning initiatives to business

1 priorities and sequencing change to match
2 organizational capacity.

3 Lessons from NOVA reinforce the need
4 for a balanced portfolio managed approach across all
5 systems, not large parallel programs that strain
6 resources.

7 On staffing and external labour, we've
8 clarified our reporting to reflect true FTEs and --
9 sorry, just one (1) -- true FTEs and to separate
10 vendor services from consultant counts.

11 Internal FTEs are steady over the
12 planning horizon while forecast external FTEs remains
13 within previously established thresholds and a
14 consistent benchmarked cost profile.

15 In parallel, we're investing in our
16 people through a skills framework, closing capability
17 gaps, modernizing skills, and reducing long -- longer
18 term reliance on external service.

19 Regarding Project NOVA, the Executive
20 Steering Committee and Board determined that
21 continuing under the existing delivery model was not
22 feasible given cost, timeline, and organizational
23 capacity.

24 In closing NOVA, we've recorded the
25 appropriate accounting entries and shifted to a more

1 sustainable model, a five (5) year rolling roadmap
2 with discrete funding, clearer governance, and
3 transparent benefits tracking.

4 Finally, on major programs delivery.
5 We are executing a phased integrated modernization
6 agenda with stronger controls, phase gated governance,
7 vendor discipline, rigorous requirements and testing,
8 and operational readiness.

9 This year's portfolio includes
10 initiatives such as the MyMPI Foundation and IRP
11 online capability targeted for this spring, SRE
12 remediation and upgrades to bodily injury claim system
13 and our -- dealing with our finance and HR systems to
14 reduce technology risk and improve resilience.

15 Our funding approach reflects a prudent
16 implementation run rate consistent with what MPI can
17 reliably deliver. I want to emphasize we're focused
18 on what MPI can reliably deliver.

19 To sum it up, MPI's IT organization is
20 combining fact-based benchmarking, disciplined risk
21 management, and pragmatic delivery to stabilize today
22 and modernize for tomorrow responsibly, transparently,
23 and in alignment with corporate priorities.

24 As we go through -- after the
25 presentation today, we look forward to your questions.

1 If we could go to the next slide, please. One more.

2 Thank you.

3 We're going to speak about
4 benchmarking. And I'll shortly turn it over to Mr.
5 Campbell. But I want to introduce the topic a little
6 bit.

7 Now, benchmarking is a strategic tool
8 that enables organizations like MPI to measure our IT
9 performance against peers and best practices. For
10 Manitoba Public Insurance, this process, particularly
11 through Gartner's assessments, has been helpful in
12 understanding how our IT capabilities compare to
13 similar insurance and public sector entities.

14 MPI is both insurance and public
15 sector, so our positioning in this assessment reflects
16 that uniqueness. The value of benchmarking lies in --
17 in its ability to provide a fact-based view of where
18 we stood as of the assessment period in critical
19 areas, such as IT spend, staffing, and service
20 management maturity to help us identify strengths and
21 pinpoint gaps that require attention, ensuring our
22 operations are aligned with industry standards and
23 optimized for performance.

24 Importantly, benchmarking also serves
25 as a tool to provide stakeholders with confidence that

1 MPI is focusing on both the right investments and
2 invest in improvements in ways of working within our
3 IT operations.

4 In accordance with your feedback, this
5 year marks a significant milestone as it is the first
6 time our maturity assessment has been aligned with
7 fiscal actuals filed in the General Rate Application,
8 reinforcing our commitment to transparency and fiscal
9 responsibility.

10 As a result, This year -- year's,
11 benchmark reflects two (2) years of progress. With
12 that context, I'll ask Mr. Campbell to walk through
13 how MPI compares with our selected peer group, the key
14 findings, and what these results mean for our IT
15 strategy.

16 MR. SHAWN CAMPBELL: Thank you, Mr.
17 Hart. My name is Shawn Campbell. I am the Director
18 of Cybersecurity and Enterprise Architecture. Move to
19 the next slide, please.

20 What we have on the screen here is one
21 of the slides from Gartner's report. And what it
22 highlights is how our peer groups are selected. So,
23 Manitoba Public Insurance is in a unique position in
24 Gartner's eyes and many others in that we are not a
25 private insurer, but yet we are not a full-on public

1 sector organization. We're somewhere in between as a
2 Crown Corporation.

3 With that and through the ask from PUB
4 in previous years, we weigh ourselves against two (2)
5 distinct sector groups. One (1) is the insurance
6 industry, which you'll see is noted on the left as to
7 what our compliment of that group looked like, which
8 was two (2) Canadian entities, five (5) US entities,
9 and one (1) Australian entity.

10 As much as possible, Gartner tries to
11 pick a Canadian entity, but their peer groups from
12 which they can select are limited by their customers
13 that participate.

14 On the right you'll see that there are
15 twelve (12) public sector peers that were selected.
16 Of that, we have six (6) Canadian entities, four (4)
17 US, one (1) from the United Kingdom, and one (1) from
18 Australia.

19 With that, in the middle, the peer
20 group profile highlights how they go about selecting
21 the individual participants in each peer group. When
22 it comes to the insurance industry, they took a look
23 at the total revenue and tried to align that to MPI's
24 total revenue.

25 When it comes to the public sector,

1 they take a look at the total operating expense and
2 they try to align that with what MPI has from a total
3 operating expense. Next slide, please.

4 On this slide, what we have is an
5 assessment of MPI's financial spend when compared
6 against its peer groups. You'll note that there's a
7 bunch of colours on the bottom. We have a red circle
8 that represents the private industry, a purple which
9 represents the public sector, a blue -- a light blue
10 circle which represents MPI when the NOVA expenses are
11 included in the total finances, and a gray bubble
12 which indicates MPI when the NOVA expenses are
13 excluded.

14 Some things to note here is that,
15 overall, MPI aligns closely with how the private
16 insurance industry fares when it comes to financials.
17 What you'll see is that within here on the left
18 column, MPI's IT spend as a percentage of its
19 operating expense is comparable to the insurance
20 industry peers when NOVA is included. However, it is
21 -- it is significantly lower when the public sector
22 peers are represented.

23 In the middle, we have the IT staffing
24 and spend per employee. The middle column covers IT,
25 Staffing levels and is, again, very similar to how our

1 insurance industry peers are represented.

2 One thing to note. When Gartner looks
3 at staffing levels, they include both full-time
4 equivalents and contractors in those numbers.
5 Contrast that to our public sector peers, there's a
6 difference in what this looks like, and this is
7 typically due to the large staffing compliments that
8 you see in the public sector.

9 The last column on the right is our run
10 versus change. And notice here that when we look at
11 the expenses that MPI represents, when NOVA expenses
12 are included, it's in balance with what the -- the
13 private sector uses when it comes to run versus spend.

14 And when you exclude NOVA, you'll
15 notice that there's a skewing that's happening with
16 the results. And that's because MPI has over the last
17 couple of years spent a large amount of time within
18 the NOVA Program. And when we remove that, it favours
19 just a run-off approach, which is not normal within
20 the industry. Next slide, please.

21 Turning now to our IT maturity and
22 improvements. I'd like to highlight the progress MPI
23 has made. Gartner depicts the maturity levels using a
24 scale rating from level 1, a lowest rating, to a high
25 -- a level 5, of the highest rating. These ratings

1 depict the advancement of a company's development in
2 domains, functions, and activities relative to
3 Gartner's best practice research.

4 The improvements we have made in the IT
5 operations have equipped us to respond effectively to
6 evolving business needs. Gartner's benchmarking
7 report shows measurable improvements in five (5) of
8 the nine (9) key maturity domains.

9 The bottom section of the slide depicts
10 the position changes that MPI's maturity has made,
11 with the most significant gains in program and
12 portfolio management where our score increased from a
13 2.11 to a 3.013. Sorry. This was driven by
14 enhancements in frameworks and standards, which
15 include our estimating practices, our standardized
16 delivery methodology, and reporting on initiative
17 performance.

18 We saw improvements in our data and
19 analytics where it raised from a 2.582 a 3.09 thanks
20 to strong governance and advancements in AI maturity.
21 The infrastructure and operations area also improved
22 from a 2.68 to a 3.16. This was particularly done due
23 to planning and design functions improvements in that
24 area.

25 Finally, we'll note that the

1 application domain increased from a 2.57 to a 2.92.
2 This is reflected in the improvements in our vendor
3 relationships and with our platform integrations.

4 These results, they demonstrate that
5 MPI is not only keeping pace with industry standards,
6 but is also making targeted improvements that
7 strengthen our ability to deliver value to support the
8 organization's long-term objectives.

9 Our commitment to operational
10 excellence is reflected in these advancements and we
11 will continue to build on this foundation in the
12 coming years. Next slide, please.

13 The benchmarking results underscore
14 that IT maturity is not a fixed endpoint but a
15 continuous journey of evolution adaption -- adaptation
16 and optimization.

17 Gartner's IT score methodology
18 emphasizes that a maturity score is a snapshot of
19 current capabilities and its true value lies in how
20 effectively an organization leverages this insights
21 for ongoing enhancements.

22 MPI's approach reflects the commitment
23 to responsible and strategic improvement. Rather --
24 rather than engaging in -- or coverage change, MPI
25 uses the benchmark findings to inform operational

1 improvements and is an input into shaping the IT
2 strategic objectives, such as improving data and
3 investing in employees and processes.

4 This then manifests as improvements in
5 specific domains, such as program and portfolio
6 management data, ecosystem development, and
7 application lifecycle planning.

8 It's important to call out that
9 maintaining or even improving a level of maturity does
10 not always mean spending money as this is largely
11 about making small process improvements and affect --
12 that affect the Company's operations, ways of working.

13 With that I turn it back to Mr. Hart
14 for introduction to our next section.

15 MR. ROY HART: Thank you, Mr.
16 Campbell. Roy Hart speaking. We're going to speak
17 about our IT strategy and roadmap here, next. Our --
18 our IT strategy is designed to directly support the
19 Corporation's business objectives and operational
20 excellence.

21 Technology at MPI is a strategic
22 enabler, ensuring that every initiative delivers real
23 business value and strengthens our position as
24 Manitoba's trusted auto insurers and driver services
25 provider.

1 We are focused on building strong data
2 governance and infrastructure, enhancing business
3 continuity and cybersecurity, transitioning to
4 scalable and cost-efficient technologies, and
5 investing in employee training and process
6 optimization.

7 Our developing five (5) year rolling
8 roadmap provides a sequenced responsible plan to close
9 priority gaps, support operational stability, and
10 maintain the capacity needed to meet business
11 requirements and new mandates. It reflects our
12 commitment to proactive planning, responsible risk
13 management, and continuous improvement.

14 I'll underscore that our focus on
15 continuous improvement in our ways of working, as Mr.
16 Campbell just mentioned. We have been steadily
17 developing the inputs into the plan since August 2024
18 and have made good progress, and we acknowledge that
19 more is to be done.

20 I will ask Mr. Campbell to outline the
21 key elements of our strategy, the structure of our
22 roadmap, and how these efforts position MPI for long-
23 term success. Next slide, please.

24 MR. SHAWN CAMPBELL: Thank you, Mr.
25 Hart. Shawn Campbell again. Our IT strategy is

1 fundamentally designed to support and enable the
2 broader corporate strategy. Our goal is to ensure
3 every technology initiative directly contributes to
4 the business objectives and operational excellence.

5 Why do we focus so intently on
6 alignment? This is because technology is not just a
7 support function; it's a strategic enabler by aligning
8 IT with corporate goals and ensuring our investments
9 and efforts drive real business value and help MPI
10 deliver on its mission as Manitoba's trusted auto
11 insurer and service provider.

12 What does this look like in practice?
13 As you see in the middle of the screen, we have five
14 (5) objectives. These are used to guide us. We
15 structure IT initiatives to support the business and
16 corporate objectives. We look to build strong data
17 governance so that we have proper data infrastructure
18 and actions in place.

19 We look to enhance business continuity
20 and cybersecurity, transition to scalable and cost-
21 effective technologies, and invest in employees and
22 process optimizations. We achieve these outcomes
23 through rigorous management of technology risks.

24 We identify and address the weaknesses
25 and systems and processes and staff capabilities to

1 ensure that we have secure, reliable, and aligned
2 technology operations. This proactive approach helps
3 us to avoid costly disruptions and maintain compliance
4 with the evolving mandates. Next slide, please.

5 I'd like to take a moment and talk
6 about technology risk. So, previous presentations
7 have talked about technical debt. When they talk
8 about technical debt, what they're really referring to
9 is technology risk in the broader sense.

10 Technology risk is about the issues and
11 risks that the technology landscape represents and
12 that MPI needs to address. Managing technology risk
13 is essential to the overall health and sustainability
14 of any organization, including MPI.

15 Technology risk is not confined to IT
16 departments. It is a business wide concern that can
17 have far reaching consequences if left unaddressed.
18 Technology risk can lead to security vulnerabilities,
19 making systems susceptible to breaches and data
20 losses. It can also result in systems becoming
21 outdated and difficult to maintain or upgrade, which
22 in turn slows down project execution and increases
23 operational costs.

24 Furthermore, technology risk can cause
25 systems to fall out compliance with regulatory

1 standards, exposing the organization to legal and
2 financial penalties.

3 Technology risk encompasses various
4 potential areas, like cybersecurity threats, system
5 failures, compliance violations, and technical debt.
6 Technical debt is the consequence of past actions or
7 inactions, such as taking shortcuts or choosing not to
8 keep software updated, which then makes future
9 development more costly and difficult.

10 A relatable analogy is the maintenance
11 of a house. If you know your shingles on your roof
12 are aging, you can either replace them or wait.
13 Waiting increases the risk of leaks and damage. If
14 the roof starts to leak, you're now straddled with the
15 debt of those additional fixes.

16 Technology risk is similar. Technology
17 risk represents the possibility that delays,
18 shortcuts, or flaws in design, tooling, or execution
19 could lead to significant problems down the road.
20 When those delays are realized, you're now dealing
21 with the technology debt -- or the technical debt.

22 Addressing technical debt and
23 technology risk involves making informed decisions
24 early, conducting thorough testing, and planning for
25 long-term sustainability. This proactive approach

1 ensures that MPI can continue to operate effectively,
2 securely, and in compliance with standards. Next
3 slide, please.

4 As of the second quarter of this fiscal
5 year, MPI had begun implementing projects aimed at
6 mitigating immediate technical technology risks and
7 known technical debt.

8 Concurrently, MPI continues to develop
9 a comprehensive five (5) year IT roadmap that outlines
10 a sequenced and responsible approach to closing
11 priority gaps. This roadmap is being designed to
12 ensure that MPI maintains the capacity to support the
13 ongoing business operations, stakeholder needs, and --
14 and remain in compliance with new mandates.

15 The organization is creating a clear
16 vision to tracking foundational technical challenges
17 in alignment with the broader strategy. By initiating
18 these projects and planning for long-term
19 improvements, MPI is taking proactive steps to
20 safeguard the technology infrastructure and ensuring
21 continued operational stability.

22 This strategic direction reflects
23 commitment to responsible risk management and forward-
24 looking approach to technology planning.

25 As you'll see on the right side of the

1 screen, we've highlighted three (3) main categories of
2 programs which MPI has engaged in. The first one is
3 dealing with some COT system risks. These systems are
4 important because these systems we, as MPI, cannot
5 adjust or affect the code on. We rely on the vendors.

6 These vendors give us stipulations
7 through the contracts and support agreements such that
8 we have to be at a certain support level before we can
9 proceed. Two (2) of these systems are represented
10 here as BI3, which is the Bodily Injury Improvement
11 Initiative, which is our FINEOS system and our ERP
12 system, which represents our financial management and
13 HR planning systems. Both of these systems are at or
14 beyond support with our vendors.

15 In the middle, we talk about the SRE
16 Program. The program itself has been spun up to
17 address urgent problems resulting from the outcomes of
18 a release 1 from NOVA. These are seen as significant
19 challenges within our business units and, as such, we
20 look to address the technology underneath, which is
21 causing these problems.

22 In addition to that, we have Legacy
23 System support and stability. We need to upskill our
24 staff, make sure that we have the right skills in the
25 right place at the right time so that we can run

1 operations efficiently and effective when it comes to
2 both change and steady state.

3 MR. ANTHONY GUERRA: Mr. Campbell,
4 sorry, before we leave this slide, can you just
5 confirm for the benefit of the Panel what you mean by
6 COTS, OR C-O-T-S?

7 MR. SHAWN CAMPBELL: Yes. So, C-O-T-S
8 stands for commercial off the shelf systems -- or
9 solutions. So, these are purchased products that MPI
10 will configure to run the business versus what we
11 would term as high code or internally built systems,
12 such as our Legacy AOL driver's licensing system or
13 our physical damage management system, all of which
14 are systems MPI built from the ground up.

15 MR. ANTHONY GUERRA: And are either of
16 these two (2) systems an example of MPI seeking to
17 manage technical debt?

18 MR. SHAWN CAMPBELL: Yes. So, both of
19 these could be represented as technical debt. The --
20 the bodily injury and ERP systems, they have been left
21 within their -- their current release of software or
22 not upgraded over the past couple of years due to the
23 focus of MPI's need to -- to deliver to NOVA.

24 As such, we've now straddled with this
25 debt of in order to make any changes in these systems

1 or to get support from the vendor, the vendor's first
2 response to us is, You need to upgrade first. This
3 handcuffs us in doing any effective changes in these
4 systems going forward for the business.

5 MR. ANTHONY GUERRA: Thank you.

6 MR. SHAWN CAMPBELL: Can we move to
7 the next slide, please.

8 Here we're going to talk about what is
9 the approach and what's next. So overall, the forming
10 of the five (5) year IT roadmap follows a standard set
11 of steps. The first step is to take a look at what
12 are the risks of the organization.

13 We use a tool called Application
14 Portfolio Management, or more accurately, it is a
15 framework. This allows us to take a look at each
16 application and assess its value, its risk, and its
17 position within the organization.

18 We focus on the systems that are deemed
19 as business critical. These business critical systems
20 are what runs MPI at the core. So, for example, we
21 mentioned the finance system or the bodily injury
22 system in the previous slide. Other core systems
23 would be Autopac on-line or our claims administration
24 system.

25 When these systems are categorized, we

1 take a look what are those potential threats or issues
2 that will arise if those risks are realized. We then
3 look to create mitigation plans on those risks and
4 identify when do we need to put something into a
5 project or into play in order to address that risk
6 before it becomes issue.

7 We take this information back to the
8 executive and to the governance group for comment and
9 for direction on how we wish to proceed. With that,
10 we take it over to our Strategy Execution Organization
11 for planning and execution. And then we take a look
12 at the feedback at the delivery of those programs to
13 see how they are affecting the overall risk of the
14 organization.

15 What's next for us? Well, the five
16 (5)year roadmap, we are refining it and we are looking
17 to bring it forward to the executive for final
18 approval and sharing it with the organization. Stay
19 there for a sec, please.

20 With that, we also look at the
21 governance and evaluation. We bring all of our
22 projects back to the corporate portfolio governance
23 group to evaluate whether or not the project's risks
24 are sufficient to be addressed or if the organization
25 chooses to wait for a future time.

1 We look to implement continuous
2 improvement. Mr. Hart talked briefly previous about
3 the skill -- or our skills improvement. and we'll
4 talk in a bit about our skills for the information age
5 initiative, where we are looking to upskill our staff.

6 This is there -- there to ensure that
7 we are improving on ourselves and how we operate so
8 that we can be more effective in the future.

9 The last part is around strategic risk
10 management. The whole framework here is to support
11 proactive risk mitigation and align with the
12 organization's priorities. With that, I'll turn it
13 back to Mr. Hart for introduction to our next section.

14 MR. ROY HART: Thank you, Mr.
15 Campbell. Roy Hart speaking. Our approach to
16 workforce management is focused on maintaining the
17 right balance between internal staff and external
18 resources to meet both operational and project needs.

19 Over the planning horizon, internal
20 full-time equivalent positions remain steady,
21 reflecting our commitment to building and retaining
22 core capabilities within the organization. We have
23 clarified our reporting to ensure transparency in
24 consultant counts and costs, separating vendor
25 services from consultant FTEs.

1 Forecast for external labor remain
2 within established thresholds and a consistent
3 benchmark cost profile. This disciplined approach
4 allows us to respond flexibly to changing demands
5 while maintaining fiscal responsibility.

6 We recognize that where we can reduce
7 our reliance on contractors, we should. In parallel,
8 we're investing in our people through the Skills
9 Framework for the Information Age, as Mr. Campbell
10 mentioned.

11 This -- this initiative supports
12 targeted skills development, closes capability gaps,
13 and modernizes our workforce, reducing longer-term
14 reliance on external services and ultimately driving
15 cost savings.

16 Our staffing and external labour
17 approach is designed to support operational stability,
18 enable timely deliver -- delivery of major programs,
19 and ensure MPI has the skills and capacity required
20 for ongoing modernization.

21 Now, let me now outline the key trends,
22 metrics, and actions in our staffing and external
23 labour approach. Next slide, please.

24 There is a variance between the 2025
25 and 2026 GRA views. On the internal side, the 4

1 percent variance in 2024/'25 stems from the May 2024
2 reorganization. The April 2025 ITPMO restructuring is
3 not yet reflected in the budget and has a baseline of
4 two hundred and sixty-eight point six (268.6) FTEs.

5 On the external side, the 44 to 55
6 percent FTE variance is methodology driven, the very
7 important point that it's a change in methodology. We
8 moved from a placeholder not to exceed eighty (80)
9 FTEs to an implied FTE count calculated from the
10 forecasted dollars. That change more accurately
11 represents what we intend to procure and what we plan
12 to spend.

13 We're maintaining an external labour
14 program that gives us agility to meet operational and
15 project demands, but with clear guardrails and greater
16 transparency on how we report and manage these
17 resources. This slide primarily describes the
18 variance between last year's GRA submission and this
19 year's. Next slide, please.

20 So, illustrating how we allocate
21 consultant resources between normal operations and
22 major initiatives, we can see some variability over
23 time, with the majority of consultant FTEs being
24 directed toward modernization programs and strategic
25 initiatives, reflecting our focus on transformation

1 and legacy system maintenance.

2 As we work through projects and
3 continue to modernize our platforms, the mix and
4 number of consultants may shift as circumstances
5 change. We're committed to monitoring and adjusting
6 our consultant capacity to ensure we have the right
7 expertise in place to support both ongoing operations
8 and our most critical projects. Next slide, please.

9 So, to reduce our long-term reliance on
10 external services, we are investing our people through
11 the Skills Framework for the Information Age or SFIA.
12 The -- this global standard enables us to do a few
13 things: assess our current capabilities, identify
14 skills gaps, and deliver targeted learning plans
15 across the division.

16 SFIA also empowers our staff by
17 recognizing their full skillset, promoting lifelong
18 learning, ensuring fairness through standardized
19 assessments, and building trust by responding to
20 employee feedback. Our employees have asked us to
21 focus on training and learning.

22 By modernizing our skillset and
23 aligning development to strategy, we are strengthening
24 internal competency and supporting MPI's technology
25 needs, driving cost savings, and building a more

1 resilient organization. Next slide, please.

2 So, where we are today. We've recently
3 completed a division-wide skills evaluation using this
4 framework, giving us a consistent way to assess IT
5 capabilities and identify development needs.

6 Staff have self-assessed their skills,
7 which we mapped to the SFIA recommended roles, so that
8 we could pinpoint gaps. These results were reviewed
9 then by both staff and leadership.

10 Based on this analysis, we delivered
11 targeted learning plans to all employees. We further
12 asked them to log their training time, thus making it
13 important and adding an accountability across the team
14 for reporting and doing the training.

15 Going forward, we'll monitor progress
16 on closing gaps and make the skills assessment process
17 a regular part of our workforce planning. Next slide,
18 please.

19 We're going to move to NOVA closeout,
20 and I'm quite sure this will be an interesting topic.
21 Mr. Gary Dessler will be speaking about it in a
22 moment, but let me start by talking about the program.

23 So, Project NOVA was a major initiative
24 aimed at modernizing some of MPI's core technology
25 systems. One emphasis was aimed at modernizing some

1 of our core systems.

2 Despite significant investment and
3 effort, the project's delivery model approved
4 unsustainable due to escalating costs, extended
5 timelines, and a strain at placed on an organizational
6 capacity. After a thorough review, the executive
7 steering committee and board unanimously concluded
8 that continuing with NOVA was not feasible.

9 The decision to close out NOVA was
10 guided by a commitment to fiscal responsibility and
11 strategic alignment with MPI's broader priorities. In
12 accordance with accounting standards, we recorded the
13 appropriate impairment and shifted our focus to a more
14 sustainable approach.

15 Following NOVA's closeout, MPI is
16 continuing our transition to a five (5) year rolling
17 IT roadmap. This new model breaks modernization into
18 smaller manageable projects, aligns with
19 organizational capacity, and introduces funding
20 controls and enhanced governance. It supports
21 operational readiness, change management, and provides
22 better control over outcomes.

23 The numerous lessons learned from NOVA
24 have shaped a more balanced and resilient technology
25 strategy for MPI, ensuring that future investments

1 deliver value and support the Organization's long-term
2 objectives.

3 I'll now ask Mr. Dessler to outline the
4 financial impacts, the transition process, and the
5 controls now in place to support ongoing
6 modernization. And following Mr. Dessler's recap of
7 NOVA, we'll go further into the major programs. So,
8 with that, Mr. Dessler.

9 MR. GARY DESSLER: Thanks, Roy. I'm
10 Gary Dessler, the principal architect for MPI. We
11 began the discovery phase of Project NOVA in spring of
12 2024. The re-baseline estimate for release 3 was
13 expected to be between sixteen (16) and thirty-six
14 (36) months.

15 At the conclusion of the discovery
16 phase, we saw earlier estimates were significantly
17 understated. The work uncovered the following
18 material concerns.

19 Number 1, the updated delivery
20 estimates grew materially from roughly 290 million to
21 435 million, and the timelines extended well beyond
22 our thirty-six (36) month threshold. This extended
23 timeline would crowd out our other critical IT
24 systems.

25 Number 2, Project NOVA required these

1 long-running, complex projects that were impacting the
2 same business communities, so this was a challenge for
3 us.

4 Number 3, the scope of release 3, as
5 Mr. Campbell had talked about, is focused on not all
6 of our technologies. It was focused on our core IWS
7 DLS CARS, but it didn't cover everything. So that
8 limited scope was a problem going forward.

9 And finally, that extended delivery
10 window moving from, you know, beyond thirty-six (36)
11 months increased the chance of key person turnover,
12 burnout, and significant knowledge loss.
13 Collectively, these findings told us the existing
14 models would not deliver the acceptable value or
15 improve our overall risk levels for the project. Next
16 slide, please.

17 On review of the discovery output, the
18 executive steering committee unanimously concluded
19 that continuing with Project NOVA was not feasible.
20 The program could not be delivered within acceptable
21 budget and timelines. It did not align with our
22 broader corporate priorities, nor did it address the
23 enterprise IT risk.

24 The delivery model's complexity, which
25 involved these long-running projects, didn't scale,

1 and we had conflicting resource demands. This
2 increased our risk level beyond our risk appetite.

3 The board of directors approved closure
4 of NOVA in June of 2024 -- sorry, June of 2025. Next
5 slide, please.

6 At the end of discovery, the exec --
7 sorry. As of June 30th, 2025, MPI had 167.9 million
8 in NOVA implementation expenditures. 117.8 million
9 was capitalized. It was capitalized assets and 50.1
10 million in expense items. In addition, there were 65
11 million in ongoing expenses such as software
12 licensing.

13 In accordance with IFRS requirements,
14 MPI conducts an annual impairment testing of
15 intangible assets. For the fiscal year of '24/'25,
16 this process resulted in a \$60.8 million impairment
17 charge against the deferred development costs. These
18 were disclosed and externally audited in the financial
19 statements dated March 31st, 2025. Next slide,
20 please.

21 This slide really summarizes the most
22 important key lessons learned from the NOVA Program
23 and how we plan -- how we are applying those insights
24 to share our -- shape our future IT initiatives going
25 forward.

1 The very large multi-year initiatives
2 stretched our resources too thin. The unrealistic
3 plans and weak requirements led to missed targets.
4 Slow decision making and limited financial oversight
5 caused delays.

6 Poor knowledge transfer between the
7 project and the operational teams hampered our
8 readiness adoption. Weak contract controls in areas
9 of SaaS software and Agile delivery increased cost and
10 reduced our accountability.

11 We are now taking a phased annual
12 approach to modernization. By placing the amount of
13 change on focusing on smaller projects and
14 strengthening governance, planning, operational
15 readiness, and vendor management, we ensure
16 sustainable progress and reliable delivery.

17 Jen will expand on our path going
18 forward, intersection on major programs.

19 With that, I turn it back to Mr. Hart
20 to introduce our next section.

21 MR. ROY HART: Thank you, Mr. Dessler.
22 Roy Hart speaking.

23 So, today's major program delivery
24 update will show that we have listened to your input.
25 MPI is executing modernization through a phased,

1 integrated, and accountable approach, moving away from
2 large siloed programs towards smaller, manageable
3 projects that fit our organizational capacity and keep
4 stakeholder engagement front and centre.

5 This model tightens alignment to
6 priorities, reduces technology risk incrementally, and
7 improves transparency of scope, cost and outcomes.

8 Lessons from NOVA have been converted
9 into durable controls, most notably, right-sized
10 planning and estimation, clear funding approvals,
11 structured change control over time, scope and cost,
12 stronger vendor management disciplines, and explicit
13 operational readiness accountabilities with living
14 support models.

15 Deliver -- delivery now runs as a
16 portfolio with regular updates against forecast versus
17 actuals and benefits tracked at the project level
18 within a developing five (5) year rolling roadmap.

19 A key -- key enabler for this
20 discipline is our governance vendor. This partner
21 provides independent oversight and advisory services
22 to assess current state, validate risks and issues,
23 and confirm the adequacy of action plans.

24 They help us codify governance best
25 practices, strengthen sponsorship role clarity, and

1 measure internal control effectiveness. They also
2 ensure concerns are surfaced early and mitigations are
3 actionable.

4 We have implemented enhanced risk
5 management across the portfolio: new key risk
6 indicators, standardized assessment frameworks, and
7 irregular cadence of risk reviews, dedicated risk
8 management capacity, and dashboarding tailored to each
9 governance body for timely escalation and decision-
10 making

11 These practices give leadership clear
12 sight lines and predictable checkpoints as projects
13 advance through phases.

14 Our funding approach matches what MPI
15 can reliably deliver. For '25/'26, we are operating
16 to an implementation run rate within major programs
17 with a total major programs run rate that reflects
18 organizational capacity. So, we're only taking on
19 what we feel we have capacity to do.

20 And '25/'26 is a pivot year. As
21 capabilities mature, we expect capacity to increase in
22 future years. As we change our ways of working, we
23 expect our capacity to increase. Without your
24 allocations refined accordingly as the roadmap
25 evolves.

1 So, in short, major program delivery at
2 MPI is now governed by clear decision rights,
3 measurable controls, independent oversight, and a
4 funding model tied to proven capacity. This is how
5 we'll deliver modernization responsibly and
6 transparently for Manitobans. This is a significant
7 departure from how NOVA was operating

8 And with that, I'll turn it over to
9 Ms. St. Laurent. Next slide, please.

10

11 (BRIEF PAUSE)

12

13 MS. JENNIFER ST. LAURENT: Good
14 morning. My name is Jennifer St. Laurent, and I'm the
15 director of major programs. I am here to provide you
16 with further detail on the many changes that we are
17 making that were just described by Mr. Hart as well as
18 my other colleagues due to the lessons learned on
19 NOVA.

20 These changes will enable major
21 programs to successfully deliver on our initiatives.
22 So, I'll start with the basic definition.

23 A major program is defined as a
24 technology program that exceeds \$3 million. Major
25 programs will also typically have a significant impact

1 to business and operations processes, a substantial
2 impact to the customer and/or the partner experience,
3 a high degree of enterprise risk and complexity,
4 and/or be a part of a series of interrelated projects
5 that in total exceeds \$3 million and is likely viewed
6 in aggregate by stakeholders.

7 Our major programs are aligned to and
8 prioritized against initiatives within the strategy-
9 to-execution pipeline and the corporate portfolio.
10 Smaller, less complex projects are managed through the
11 corporate PMO.

12 Due to the complex nature and larger
13 dollar value associated to major programs, they
14 require increased governance, financial, and resource
15 planning focus. Next slide, please.

16 So, our new approach involves a number
17 of -- of core items that were touched on previously by
18 my colleagues. First of all, we are pursuing
19 discrete, manageable programs and projects most with
20 twelve (12) to twenty-four (24) month time horizons.
21 This makes it more manageable than what we encountered
22 through NOVA.

23 We have clear accountable business
24 sponsorship to ensure that we have better project
25 alignment as well as communication. Each project is

1 focused with the clear business case and accompanying
2 defined scope.

3 We have adopted annual planning and
4 budgeting cycles with discrete funding allocations per
5 program, our project and solid change management
6 processes. Also, our updated governance framework is
7 designed to appropriately handle different types of
8 impact severity levels of risks and issues.

9 There are many strategic benefits that
10 we have found with this new approach. We are better
11 able to align with our organizational capacity and
12 priorities. We have an enhanced flexibility to adapt
13 as needs evolve. We also have improved sustainability
14 and accountability for long-term IT transformation.
15 Next slide, please.

16 So, I acknowledge that there is likely
17 a key question in many people's minds. So how is
18 major programs really different than NOVA? What are
19 those key changes that we have put in place so that
20 the mistakes of the past are not repeated? I will
21 highlight our main areas of focus.

22 First of all, a significant increased
23 focus on controls. Lessons learned have provided
24 multiple insights into how we need to improve our
25 controls for vendor relationships, for our financial

1 management, and also for execution practices.

2 Secondly improved governance. We now
3 have clear business sponsor accountability and
4 engagement throughout from the initiation stage
5 through execution and a much greater increased role in
6 our governance.

7 Third, and Mr. Hart touched on this
8 previously, our governance vendor oversight is key.
9 We have an expanded advisory role to hold us to
10 account, provide us with best practice guidance, and
11 this governance vendor reports directly to the
12 technology committee of the board. I'll go into that
13 in a -- I a bit more depth. We have also increased
14 our focus and diligence on risk management throughout
15 the program.

16 In summary, we are reintroducing many
17 of what you have seen here, which are fundamental
18 waterfall concepts, bringing more structure and rigour
19 to both the project initiation and execution stages.
20 Next slide, please.

21 I'll now go into some additional depth
22 on each of those four prior elements. So, the first
23 one I mentioned was the increased focus on controls.
24 Through our lessons learned from NOVA, we understood
25 that we needed to, you know, take an -- an approach

1 that we would focus on, you know, smaller discrete
2 initiatives.

3 We need to increase our focus on our
4 planning, our business requirements. We needed to
5 have clear funding approvals and governance over our
6 time, scope, and cost changes, timely escalation, and
7 also introduction of financial challenge function.

8 Our vendor management and contract
9 controls were tightened, introducing audit rates and
10 contracts, performance reviews, change order
11 governance. And I'm pleased to say we've made really
12 great progress in this area.

13 Our operational readiness and knowledge
14 transfer with named accountabilities and living
15 operational support models was another key area. We
16 needed to ensure that the people supporting the new
17 products or service changes being introduced were
18 ready to -- to perceive the -- the new changes in the
19 systems.

20 So, highlighting some of those
21 immediate controls now operating, we do have that
22 portfolio managed structure, project focused delivery
23 with clear funding approvals, and scope definition.
24 We have the regular updates on our forecast versus
25 actuals.

1 Now that we have smaller projects, this
2 provides greater visibility into the spend progress,
3 and also an earlier visibility as to when things are
4 going off track. We're using key performance
5 indicators as well as key risk indicators and
6 acknowledge that we are growing our capabilities in
7 each of these areas.

8 As Mr. Campbell spoke previously, we
9 have a very close connection with migration of our
10 remaining modernization into the five (5) year rolling
11 IT roadmap.

12 And we also have a very close
13 connection with our value assurance organization and
14 finance organization with ensuring that benefits are
15 tracked at the program/project level and also
16 reporting annually to the board and also through
17 frequent technology committee updates.

18 These enhanced controls will allow us
19 to track our benefits at the project level, escalate
20 issues more quickly, maintain our transparency
21 throughout the delivery process, and really, you know,
22 succeed in delivering what we need to through major
23 programs.

24 By embedding these practices, we are
25 strengthening our governance, reducing risk, and

1 ensuring that our modernization efforts deliver
2 measurable value for MPI and Manitobans. Next slide,
3 please.

4 So, I thought this slide would be a
5 good visual in terms of, you know, the financial
6 controls process. So MPI's financial governance for
7 our major IT programs has significantly evolved,
8 highlighting, you know, the benefits of our project-
9 specific funding over the previous model of a large
10 aggregate program approval.

11 So first of all, why change was needed.
12 The past approach for NOVA acknowledged previously a
13 large program like NOVA had received a blanket funding
14 allocation sometimes exceeding a hundred million
15 dollars without as much granular visibility into the
16 individual project scope and risks.

17 So many risks associated with this
18 method. It introduced uncertainty. Estimating costs
19 for an entire multi-year program upfront is inherently
20 unreliable and increases financial risk, which is what
21 we saw play out.

22 Our new approach is project-specific
23 funding with multiple small approvals. So, each
24 project within a major program is now independently
25 scoped and funded. This provides us with many

1 benefits, including more financial control. Our
2 financial funding is unlocked incrementally based on
3 CLEAR milestones, business cases and readiness.

4 We have much improved accountability.
5 Our -- each project is subject to rigorous reviews,
6 ensuring alignment with organizational capacity and
7 priorities. We have very close scrutiny on our
8 business cases and engagement from all of the
9 resources that are engaged throughout.

10 We've reduced risk by having these
11 smaller manageable projects, allowing us to have
12 better estimation, oversight and also adaptability as
13 needs evolve, because we're taking more discreet
14 components of work makes it easier to change than
15 undertaking very large components of work.

16 So, as an example for ERP, in our old
17 model, ERP would have received a single large funding
18 envelope for all of the related work. In our new
19 model, each ERP initiative, so -- such as the Infor
20 upgrade, which is the upgrade of the current state
21 software, receives a separate allocation from what we
22 were -- are going to be doing in another separate
23 allocation for assessment and planning. And then
24 additional separate allocation, so that we can really
25 have decision points as we proceed through -- through

1 the process.

2 This also provides us with better
3 strategic impact. We have greater transparency. Our
4 stakeholders now have clearer sight lines into how
5 funds are allocated and spent within each project.

6 We have better agility. MPI can adjust
7 our funding and priorities annually, as needed,
8 responding to change in business and technology needs
9 or should an urgent, you know, security issue come up,
10 et cetera, there's more flexibility for us to pivot.

11 Our enhanced governance is another key
12 improvement. So, our enhanced controls ensure that
13 only well-defined, high priority projects with the --
14 with a signoff business case will move forward.

15 So, our key message here is that by
16 moving from large aggregate program approvals to
17 project-specific funding, MPI has strengthened our
18 financial discipline, reduced our risk and improved
19 our transparency. This approach ensures that our
20 modernization is delivered more responsibly with
21 measurable value for Manitobans. Next slide, please.

22 We'll now -- now go into a bit more
23 depth about our governance vendor. MPI is in the RFP
24 process for an expanded governance vendor engagement
25 for major programs. We do currently have, from the

1 prior NOVA engagement, governance in place that was
2 associated to the prior program that we are
3 leveraging. We will have increased independent
4 oversight and expert advice for our major programs and
5 we've been able to make use of a lot of this already.

6 The governance vendor role is to assess
7 the current state of our work underway, identify our
8 risks and issues and validate our action plans. They
9 offer us advisory services to help us close gaps,
10 ensure our team alignment and develop concrete
11 mitigation strategies.

12 Our governance vendor also helps us
13 establish best practices, measures the effectiveness
14 of our internal controls and guides due diligence
15 across our -- our vendor relationships.

16 They are helping us to ensure that we
17 can proactively address issues before they become
18 problems, using their best practice and industry
19 experience. This partnership has further strengthened
20 our governance framework supporting our successful
21 project delivery and also helping us maintain
22 accountability and transparency throughout our
23 modernization efforts. Next slide, please.

24 So, another use of the word
25 "governance," is -- is around really the -- the

1 approval bodies associated to making decisions on the
2 major programs. So, in this context, our governance
3 of the major programs area has been enhanced to ensure
4 effective risk management and decision-making for
5 various items encountered during the implementation of
6 large complex programs.

7 The intent of our improved governance
8 structure is to have a clearly outlined method by
9 which to identify risks, assumptions, actions, issues,
10 dependencies and decisions, all of those key things
11 that happen in multitude across major programs and
12 flow them to the right decision-making bodies for the
13 right level of visibility and awareness and decision-
14 making. And, also, to be addressed in a timely manner
15 to enable the project to be executed successfully.

16 We focused our improvements across four
17 (4) key areas. First of all, significantly increased
18 business sponsor engagement and role clarity. We now
19 have excellent business leadership in each of the
20 panels and steering committees that -- that they
21 chair.

22 We've enhanced our forums. So, we --
23 we looked at the prior forums, identified multiple
24 improvement activities associated with each of them
25 and also improved our processes and our tool sets, so

1 we could provide some additional visibility to teams
2 when they're working on the programs and for each of
3 our key stakeholders.

4 We've refined our communications and
5 also, we're working through further continuous
6 engagement.

7 We've recently taken an undertake --
8 under -- undertaken an extensive rollout and awareness
9 activities to ensure understanding of the new
10 framework and the accountabilities for each of the
11 people involved.

12 We do recognize and acknowledge that
13 these are new processes and they will take time to
14 mature. And we are confident that we are working in
15 collaboration with our teams to adopt to these new
16 ways of working, that they recognize the value. Next
17 slide, please.

18 So, I'll now go a bit deeper into those
19 core governance panel -- governance principles that
20 shaped our enhancements.

21 So, the first one, I already covered;
22 business sponsorship, really concentrating that
23 effort, ensuring that we have, you know, a -- a focus
24 on, you know, the customer journeys, user experience.
25 Really ensuring that the business is at the -- at the

1 forefront.

2 Next is our project-based structure.
3 So, while that business ownership principle should
4 remain consistent, the project decision-making must
5 adapt based on the most impacted business areas. So,
6 we ensure engagement from those areas that are most --
7 most impacted and that they counterbalance with other
8 areas of impact.

9 We have budget accountability aligned
10 to the program sponsorship model. So, the owner of
11 the program's outcomes has influence over the
12 investment and the spend related to that program. So,
13 if there are change requests required, there's an
14 assessment done in terms of, does that make sense to
15 spend the additional money? Are we getting sufficient
16 customer benefit or, you know, benefit for
17 efficiencies or other areas to support the -- the
18 spend of additional money or the -- or the opposite?
19 So, we have very clear decision-making processes now
20 for change requests and such.

21 Fourthly, adopting a more holistic
22 portfolio management approach. So, all major programs
23 are managed as an enterprise-wide portfolio aligned
24 with our strategic objectives. Those sponsors are key
25 in ensuring the connectivity across the related

1 programs and also preventing duplication.

2 We have a tiered and decision-oriented
3 governance structure now. So, this is to foster --
4 foster us to become improved decision makers, faster
5 with our decision-making and also emphasizing the
6 strategic dialogue at the right levels. I've seen,
7 you know, great engagement from directors in, you --
8 you know, talking about the trade-offs required in --
9 in the many items that are brought forward to them.

10 We also ensure that we are engaging our
11 executive for the high impact areas and ensuring that
12 the decision-making is made at the appropriate level
13 of the organization.

14 The sixth item is continuous
15 improvement. So, we recognize this is a new process
16 for MPI. We are focused on continuous improvement as
17 we're rolling this out and are confident that it will
18 -- it will lead us to much more optimal outcomes.
19 Next slide, please.

20 So, this slide provides us with an
21 important visual for how the major program sponsorship
22 and delivery, overall, relates to the project specific
23 sponsorship and -- and delivery.

24 So, at the overall level, of course, we
25 have full accountability with our CEO. We have

1 executive sponsorship at the vice president level with
2 technology sponsors and solution sponsors. And then
3 we have delivery leadership level lead -- leadership
4 such as myself and Gary, other key -- key team members
5 of the program.

6 And then we have the delivery elements.
7 So, we have a similar structure across each of the
8 different projects. So, this also enables us to have
9 better resource management. We have line of business
10 sponsors for each of the major programs. Each major
11 program has a different line of business sponsor. So,
12 this way we have more focused activity and we're not
13 overwhelming the organization with too much work
14 underway in one particular area.

15 Just a few highlights on the right-hand
16 side. So, this is now a permanent mature model that
17 we are putting in place in order to ensure consistency
18 in how we're delivering our major programs. We're
19 using the same model across each of the different
20 projects. And our rollout, as I mentioned, is -- is
21 underway.

22 Depending on the unique needs of an
23 individual project, we do have, you know, the LOB
24 specific accountability. And just to focus, you know,
25 the bottom of the -- bottom layer, of course, is key

1 ensuring that we have intense engagement from our
2 business subject matter experts; that's the SME term
3 there.

4 We ensure that they are engaged based
5 on specific project needs, and while major programs
6 delivery resources are assigned in a supporting
7 function.

8 So, this links back to some of the
9 comments that Mr. Hart had previously. We have a
10 combination of consultant resources, as well as
11 internal resources on each of the different
12 initiatives. Next slide, please.

13 Last, I'll go into our enhanced risk
14 management. So, we have significantly increased our
15 focus on risk management on a number of fronts. This
16 focus is also embedded in the prior discussion points
17 around the controls, the governance vendor, the
18 governance improvements and the rate framework.

19 We now have a regular cadence
20 established for the risk reviews and updates to
21 address the evolving challenges. We have a dedicated
22 risk management resource to focus on our risks across
23 major programs. And we've also introduced new
24 dashboarding and reporting on risks per the
25 appropriate level of governance body, so that they can

1 see the risks that are relevant to their particular
2 project area.

3 We've also improved our communication
4 channels and our governance accountabilities for
5 escalation of issues and risks, and the associated
6 mitigation plans. These enhancements will help us in
7 proactively managing the many evolving challenges and
8 maintaining strong oversight throughout project
9 delivery because, of course, we recognize these are
10 challenging projects ahead of us and so we need to
11 have an effective mechanism to -- to manage our risks
12 and issues. Next slide, please.

13 This slide provides some further
14 visibility into what RAID is all about. So, the
15 definition of RAAIDD -- so it's our risks, our
16 actions, our assumptions, issues, dependencies and
17 decisions. We have CLEAR mapping for which governance
18 bodies these go to, based on severity. And we have
19 defined rules and ownership for decision-making
20 associated.

21 We are being more proactive in terms of
22 detecting risks and issues earlier and being more
23 forward-looking in course corrections. Next slide,
24 please.

25 So, you've heard a bit about them

1 previously from Mr. Campbell, as well as Mr. Hart but
2 now I will go into some more detail on each of the
3 four (4) core and major programs for '25/'26. Next
4 slide, please.

5 Our first major program, the MyMPI
6 Foundation and IRP online. So, this project aims to
7 establish a new customer portal called MPI -- MyMPI.
8 Our first customers using this portal will be the
9 International Registration Plan customers.

10 The foundational services, such as our
11 logins and the authentication for building this --
12 this customer portal, will then be built upon in
13 future projects to bring more online functionality to
14 our customers.

15 The IRP online capability will allow
16 our IRP customers to renew and amend fleets and
17 vehicles, pay our outstanding invoices and view and
18 print documents online.

19 Key drivers for this project, we are
20 remediating some of the R-2 deferred work that
21 resulted in workarounds and duplicate entries for the
22 prorated office.

23 We're also now able to enable some out-
24 of-the box functionality for online transactions for
25 our IRP customers, that were recently deployed for

1 DVA, or our driver vehicles admin.

2 Lastly, this provides the foundation
3 for our future online services. We're being prudent
4 in taking a smaller pilot group of customers to launch
5 our first online foray here, rather than launching
6 with -- with a larger, you know, group of -- group of
7 customers.

8 On the right-hand side, you'll see the
9 -- the link back to the strategic objectives. So,
10 we're structuring our IT initiatives to directly
11 support and enable corporate objectives. We -- this
12 is a -- a more customer-focused type of an initiative.
13 It's giving our customers more online functionality
14 and capability. Next slide, please.

15 Our next project is SRE remediation.
16 This one is to address issues from NOVA -- the NOVA
17 release for Special Risk Extension, includes data
18 quality improvements, and the assessment and planning
19 initiative is focused on confirming our path forward.

20 Our over-arching program of SRE
21 remediation has multiple proj -- projects within each
22 with a discreet business case. So, SIS reversion is
23 currently in progress; that involves us moving back to
24 the Legacy system discrete business case, discrete
25 amount of funding associated, et cetera and managed

1 appropriately.

2 Our assessment and planning pro --
3 project is in progress. And that is really more
4 about, you know, determining future state; data
5 quality, ensuring that we are addressing the data
6 quality activities that are needed to ensure that we
7 have appropriate data for our finance and actuarial
8 teams; and implementation TB -- TBC.

9 So, we are acknowledging we do not have
10 information sufficient at this time to be allocating a
11 project and thus are not allocating funding
12 specifically yet to -- to implementation.

13 Key drivers for this initiative.
14 Moving those policies from Duck Creek to SIS, the
15 prior Legacy system to stabilize; stabilizing the SRE
16 line of business; and also determining path forward as
17 I covered earlier.

18 So, the strategy link here on the
19 right-hand side is transitioning to scalable software
20 defined and cost-efficient technologies in order to
21 reduce our IT debt and improve our agility. Next
22 slide, please.

23 BI-3 upgrade, you also would've heard
24 about, you know, previously from -- from my
25 colleagues. So, the FINEOS case management solution

1 has been an on-prem solution in use by the bodily
2 injury case management team since 2010. And this is
3 used to administer and manage the bodily injury
4 claims.

5 FINEOS, the vendor, previously
6 announced that they are changing their licensing model
7 from providing and supporting the on-prem solutions,
8 and moving to a software as a service-cloud
9 subscription model.

10 So key drivers for this one. MPI is
11 currently on the last available on-prem version of
12 FINEOS software and upgrading to the cloud will allow
13 us to use the latest version of software, and that
14 shifts the future -- or the responsibility for our
15 future upgrades to FINEOS, and reduces the MPI effort,
16 and eliminates infrastructure upgrade costs. So,
17 again, very closely linked to the strategy elements
18 that you see on the right-hand side. Next slide,
19 please.

20 So, the fourth -- fourth item, and last
21 that I'll cover here, ERP replacement. So, this --
22 this program covers multiple related ERP projects.
23 The Infor upgrade project addresses the short-term
24 supports and upgrade. Again, with a distinct funding
25 allocation, distinct business case, this initiative

1 includes renewing our support agreement within Infor
2 for the current on-prem -- on-premises product and
3 securing an agreement until 2030.

4 The assessment and planning project
5 starting up in parallel, and it will define the
6 current and target state for both people and culture,
7 and the finance organization, as we procure an ERP
8 solution. So, we're just focusing on those two -- two
9 components at this time, and then the results of those
10 will inform future projects.

11 Key drivers for this initiative. The
12 Enterprise resource planning system that we use will
13 no longer be available after October 30 -- 2030.
14 Sounds like a long time, but these projects take --
15 take a long time. So, we need to ensure that we're --
16 we're planning and looking ahead, as was covered by --
17 by Mr. Campbell, and ensuring that we're looking at
18 our entire IT landscape.

19 Also, MPI's contract is ending in June
20 2030 with Infor. And additionally, the database
21 infrastructure is out of support, and the server
22 infrastructure will also soon be out of support. So,
23 again, a number of core drivers for these items. Next
24 slide, please.

25 So, in summary, enabling successful

1 execution, what are the core things that we're doing?

2 Governance. I covered extensively,
3 ensuring that we have that clear decision-making and
4 business-sponsor accountability; independent
5 oversights; a few elements there that will help us to
6 be successful. We have resource planning across the
7 organization, so regular reviews of staffing and
8 identifying needs for external labour as needed for
9 projects where we have a gap in terms of experience or
10 -- or skillset.

11 Skills development. So, targeting and
12 training and upskilling where we do see that we have
13 capability gaps that we need to -- to close on.

14 Operational readiness. Dedicating
15 teams for smooth transitions and knowledge transfer,
16 as well as continuous monitoring. So, our ongoing
17 tracking of risks; ensuring we don't have too much
18 resource saturation; and having key visibility for our
19 KPIs and KRIs for our project health; and acknowledge
20 that we are continuing to improve upon each of these
21 different elements.

22 So, my key message here is major
23 programs has put in place multiple changes. We've
24 learned from NOVA. We are confident that we now have
25 a much improved path forward and this will enable us

1 to be successful in delivering the path -- the path
2 ahead. And with that, I will turn back to Mr. Hart.

3 MR. ROY HART: Thank you, Ms. St.
4 Laurent. Roy Hart speaking.

5 Thank you, Chair and Board Members for
6 your attention and engagement today. We've shared a
7 lot through this. I know it was a lot to -- to listen
8 through.

9 As we conclude, I want to reaffirm
10 MPI's commitment to responsible, transparent and
11 forward-looking technology leadership. The journey
12 we've outlined from benchmarking and strategic
13 planning, to the closeout of project NOVA, and the
14 move towards our five-year rolling IT roadmap,
15 reflects our dedication to continuous improvement and
16 operational excellence.

17 We are focused on managing technology
18 risk. Investing in our people, improving ways of
19 working, and delivering major programs that support
20 both our business objectives, and the needs of
21 Manitobans.

22 Our approach is pragmatic. We
23 prioritize stability and compliance, sequence
24 modernization to match our capacity, and maintain
25 strong governance and accountability at every step.

1 The lessons learned from past initiatives, have shaped
2 a more resilient, adaptable and customer centric IT
3 organization.

4 We're confident that the actions we are
5 taking today will position MPI to meet future
6 challenges and deliver lasting value.

7 On behalf of my colleagues. I
8 appreciate the opportunity to present our progress on
9 our plans. Thank you.

10 MR. ANTHONY GUERRA: Thank you, Mr.
11 Hart. Just a couple of follow-up questions before we
12 conclude the direct examination.

13 Mr. Hart, you -- you mentioned the IT
14 roadmap, the five-year rolling IT roadmap, and the
15 Panel has before it a version of that roadmap in terms
16 of what was filed with the GRA rate application.

17 Do you recall that?

18 MR. ROY HART: Yes.

19 MR. ANTHONY GUERRA: And that was a
20 version that -- that would've been presented early on
21 in the generation of that roadmap?

22 MR. ROY HART: Yes, that's correct.

23 MR. ANTHONY GUERRA: So, for example,
24 shared at the special sitting in March of 2025?

25 MR. ROY HART: Yes.

1 MR. ANTHONY GUERRA: And then again at
2 the IT Summit in May of 2025?

3 MR. ROY HART: Yes.

4 MR. ANTHONY GUERRA: And so, a new or
5 latest version of that roadmap isn't included in your
6 presentation materials today, but can you touch upon
7 what improvements are being made -- or what
8 refinements are being made to this roadmap, between
9 the version that -- that has been provided and -- and
10 where things are at now so, we can give a flavour as
11 to what they can expect to receive the next time they
12 do see a version of this roadmap?

13 MR. ROY HART: Yes, so I'll -- I'll
14 start and I'll invite Mr. Campbell to -- to add.

15 So, we are focused on making the
16 roadmap easier to understand, more connected to
17 business language, incorporating our capacity
18 constraints, and -- and working really hard to build
19 out a detailed plan that has more specific costing for
20 a bit of a longer duration.

21 So, to try and have more specific
22 costing about two -- two plus years out. The -- the
23 scope of the technology within the plan today is about
24 a hundred and sixty (160) critical applications.
25 Those are being assessed and more details are being

1 added.

2 We have taken a risk approach where
3 we've, initially, -- and the version that would've
4 been seen earlier this spring -- was focused on
5 cybersecurity risk and contract risk. Since then,
6 we've been adding in infrastructure risk and we have
7 plans to add other risk.

8 And with that, I'll turn it over to Mr.
9 Campbell to further expand.

10 MR. SHAWN CAMPBELL: Shawn Campbell.
11 Thank you, Mr. Hart.

12 So, the five-year rolling roadmap, when
13 it was initially presented in the spring, was viewed
14 as more of the high level, what are the major projects
15 or programs that we need to do. And the mistakes made
16 in that presentation was it really looks like a
17 project breakdown of what MPI is trying to do. And
18 that's not the intent of the five-year rolling
19 roadmap.

20 Really, the intent is to say, at this
21 certain point, your fiscal year, you're going to have
22 a tech -- technology risk turn into an issue. You
23 need to do something about it. These particular
24 initiatives that we've highlighted are reflective of
25 major systems that we should look to address. And, we

1 should start planning in fiscal year 2025 or 2026.

2 The mistake we made is that we drew
3 that as a bar chart, inside of a Gant, that looked
4 like a -- a set project that was either two (2) years,
5 three (3) years, four (4) years long. And that's not
6 the reality of it. What it should have reflected was,
7 this is a planning point -- or milestone, and this is
8 the milestone that you're trying to avoid a risk
9 turning into an issue.

10 And so, with that, we've taken that
11 back into feedback, and we are looking to ensure that
12 we relate that information to reflect the major
13 systems that MPI relies on, so that this can then feed
14 into our planning sessions, and our planning groups,
15 and be part of our strategy execution pipeline for
16 fulsome planning for the organization and
17 organizational change.

18 MS. SATVIR JATANA: If I may just
19 support -- let's try that again. Just to support the
20 team here, and just provide a little bit of more
21 explanation as to why we don't have a roadmap in front
22 of you.

23 We came out of this year, after closing
24 the NOVA, as it's aware -- as everyone's aware in this
25 room, that we know that we need to replace those core

1 systems, whether it's our insurance solution or driver
2 vehicle solution Those were kind of the main core
3 systems coming out of NOVA.

4 What we've also learned as -- as the
5 team, as Shawn's team, is doing more of assessment as
6 to what other systems require attention. What we have
7 learnt that, for example, our bodily injury system
8 needs to be upgraded; our ERP system is nearly end of
9 life, the team may use another name for that but, in
10 my plain language, it's coming to end of life,
11 especially the payroll system.

12 In addition to that, there may be other
13 systems that are requiring attention. So, part of our
14 shortcoming with NOVA was that all of our attention
15 was going to these two (2) systems, and not a macro
16 view of all systems that require our attention.

17 So, the first IT roadmap that we were
18 developing in the spring, quite honestly, had some of
19 the other systems that require attention. And then we
20 looked at what was outstanding from NOVA.

21 And if we just put that all in one, we
22 would be repeating the mistakes of our past. So, what
23 we need some time, over the next few months, is to
24 look at all of our technical upgrades or solution
25 attention. And how do we sequence the work that we're

1 not burdening our organization, where we're able to do
2 it with -- with our financial and people capacity, and
3 pace that IT investment over the long term. And,
4 you'll hear whether we it's -- we use IT roadmap or
5 multi-year IT roadmap.

6 The intention for MPI is to have a
7 rolling IT roadmap that gives a visibility as to what
8 systems, what solutions need to be upgraded,
9 implemented or brought into MPI that we may not have
10 today.

11 So, we recognize that the first draft
12 was perhaps not fully thought through as we were still
13 trying to make decision on NOVA while trying to
14 understand what else needed attention.

15 And that's been perhaps one of our
16 limitation at MPI that we -- we were so focused on
17 two, three things that we forgot what else needed our
18 attention. So, we -- we are working hard with our IT
19 committee and with our leadership team, with our IT
20 division, to understand that -- what that looks like
21 and hope bring that to your attention very soon.
22 Thank you.

23 MR. ANTHONY GUERRA: Guerra, for the
24 record. Thank you, Ms. Jatana.

25 Mr. Campbell, I do have a couple of

1 questions for you on the IT benchmarking report.

2 And so, if we can just confirm, Mr.
3 Hart had mentioned that the difference this year with
4 the IT benchmarking report received was that it uses
5 more current year data. Is that correct?

6 MR. SHAWN CAMPBELL: Yes, that is
7 correct.

8 MR. ANTHONY GUERRA: And how does that
9 differ from what this Board would've received last
10 year for example?

11 MR. SHAWN CAMPBELL: So, in previous
12 years, what happened is we would use the information
13 or -- that was related to a previous fiscal year. So,
14 in '24/'25, we would've used the financial information
15 from '22/'23. In order for Gartner to do their
16 report, they have to have signed-off financial data
17 that they use for their comparison. And because of
18 the timelines of when we were submitting our -- our
19 rate application, and the information from Gartner,
20 that information for the fiscal year that was being
21 filed with that GRA was not yet signed-off.

22 And so, this resulted in Gartner having
23 to use the previous year's financial information
24 which also resulted in MPI having to look back more
25 than a year in the past to say, how did we operate so

1 that we could align our methodology of how we were
2 operating with that financial information from that
3 fiscal year, which is basically one year off.

4 This leads to a delay in the report to
5 the PUB on how MPI is performing from a benchmarking.
6 And it was in the last year's session that the PUB
7 asked for us to fix this. And so that's why we took
8 that undertaking this year which results in how we
9 file our Gartner report in late August, early
10 September timeframe.

11 MR. ANTHONY GUERRA: Thank you. And
12 so, should -- should this -- this panel expect that
13 that will be the way that MPI will handle these
14 benchmarking reports moving forward?

15 MR. SHAWN CAMPBELL: Yes. Essentially,
16 that's what will -- will occur. On average, it's
17 typical for MPI's financials to be settled in the end
18 of July/beginning of August. And it's with Gartner
19 that we'll need about a four-week window after that to
20 complete the report with Gartner.

21 So, we would look to file the Gartner
22 reports with the PUB at the end of August and the
23 beginning of September.

24 MR. ANTHONY GUERRA: Thank you, Mr.
25 Campbell. And while we're still on the topic of IT

1 benchmarking, you did mention in your presentation
2 about the separation of the NOVA and non-NOVA spend.

3 With the closeout of project NOVA, can
4 this Panel expect any changes in the way in which IT
5 benchmarking is measured in the future?

6 MR. SHAWN CAMPBELL: Yes, actually, a
7 good point, Mr. Guerra.

8 So, we talked with Gartner about what
9 is the best practice going forward, and Gartner's
10 recommendation is that you don't split-out your --
11 your major projects from the rest of your financials,
12 rather, it should all be inclusive so that you get a
13 fulsome picture.

14 So, when you take a look -- or when
15 they look at any of the other organizations, they
16 aren't splitting out that information. So, going
17 forward, MPI's approach will to be include all major
18 program, projects in the IT report. So, what you will
19 see is one set of numbers that reflect overall spend
20 for MPI.

21 MR. ANTHONY GUERRA: Thank you very
22 much. I have no further questions. Thank you.

23 PANEL CHAIRPERSON: Thank you, Mr.
24 Guerra. And thank you for your presentation.

25 I think we'll break for the morning

1 break right now and then come back with cross-
2 examination at quarter to 11:00, please.

3

4 --- Upon recessing at 10:30 a.m.

5 --- Upon resuming at 11:15 a.m.

6

7 PANEL CHAIRPERSON: Thank you. Mr.
8 Andres...?

9 MR. TODD ANDRES: Thank you, Madam
10 Chair. I believe Mr. Guerra has some exhibits, too.

11 MR. ANTHONY GUERRA: Yes. Thank you.
12 First, we have MPI Exhibit number 49, which is
13 response to Undertaking Number 1; MPI Exhibit number
14 50, which is response to Undertaking number 2; Exhibit
15 number 51, which is response to Undertaking number 5;
16 MPI Exhibit number 52, which is the response to
17 Undertaking number 6; MPI Exhibit number 53, response
18 to Undertaking number 7; MPI Exhibit number 54,
19 response to Undertaking number 8; MPI Exhibit number
20 55, response Undertaking number 12; and MPI Exhibit
21 number 56, the response Undertaking number 15. Thank
22 you.

23

24 --- EXHIBIT NO. MPI-49: Response to Undertaking
25 number 1

1
2 --- EXHIBIT NO. MPI-50: Response to Undertaking
3 number 2
4
5 --- EXHIBIT NO. MPI-51: Response to Undertaking
6 number 5
7
8 --- EXHIBIT NO. MPI-52: Response to Undertaking
9 number 6
10
11 --- EXHIBIT NO. MPI-53: Response to Undertaking
12 number 7
13
14 --- EXHIBIT NO. MPI-54: Response to Undertaking
15 number 8
16
17 --- EXHIBIT NO. MPI-55: Response to Undertaking
18 number 12
19
20 --- EXHIBIT NO. MPI-56: Response to Undertaking
21 number 15
22
23 CROSS-EXAMINATION BY MR. TODD ANDRES:
24 MR. TODD ANDRES: Thank you, Madam
25 Chair. And thank you for your patience, everyone,

1 while we're doing some last-minute preparation. My
2 name is Todd Andres. I'm co-counsel to the Public
3 Utilities Board.

4 And, again, I'm going to, as usual,
5 address my questions to the Panel generally. And
6 whoever feels comfortable or confident to answer them,
7 please feel free to do so.

8 So, I will start a little bit by
9 jumping around as there are a number of things that
10 arose in the presentation this morning. I'll just
11 deal with those first, and then jump into my lines of
12 questioning. So, there will be a method to my madness
13 eventually.

14 As a starting point this year, MPI has
15 been talking about technical risk as opposed to
16 technical debt, correct?

17 MR. SHAWN CAMPBELL: Yes, we have.

18 MR. TODD ANDRES: And so just so I'm
19 clear on the definitions, is it the case that
20 technical risk arises from technical debt that is not
21 managed?

22 MR. SHAWN CAMPBELL: Shawn Campbell
23 responding. So, technical risk is a broad term and
24 covers multiple risks in the ecosystem. So, examples
25 would be cybersecurity risk, operational risk. We

1 also have things like strategic and governance risk.

2 Inside of that, there's a category
3 called software development risk. Within that,
4 there's a subcategory which is really called technical
5 debt. And technical debt is around the additional
6 costs that you would have to expend on any type of
7 software change in order to be able to bring about
8 that change because of risks that have become issues
9 in that larger scheme.

10 MR. TODD ANDRES: Thank you for that.
11 And technical debt that potentially leads to technical
12 risk may arise when potentially there are too much --
13 there's too much attention paid to certain projects to
14 the exclusion of others, correct?

15 MR. SHAWN CAMPBELL: So, when you pay
16 too much attention to other projects, you pay less
17 attention to other things that you have to care for,
18 which will then lead to issues, which can then be --
19 lead to that technical debt that you're talking about,
20 yes.

21 MR. TODD ANDRES: Thank you. All
22 right. Ms. Dweh, could you please pull up the
23 slideshow from this morning, particularly slide 12.

24 And so, I do have some questions for
25 you about the COTS, the BI-3, and the ERP. I guess

1 the COTS is the systems risk. And then BI3 and ERP,
2 those are systems that will need to be replaced,
3 correct?

4 MR. SHAWN CAMPBELL: Shawn Capital
5 responding. Yeah. So, both BI-3 and ERP are off-the-
6 shelf products that we've purchased. They are on
7 premise deployments. And we are responsible for
8 making sure that those are kept up to date with the --
9 in accordance of the vendor support agreements.

10 And these systems are at a point where
11 there is no more software upgrades that we can apply
12 and the vendor is moving in a different direction.

13 MR. TODD ANDRES: And I think we
14 established this morning COTS is Custom (sic) Off The
15 Shelf systems?

16 MR. SHAWN CAMPBELL: Systems.

17 MR. TODD ANDRES: Thank you for that.
18 And so, MPI's existing business processes are
19 primarily delivered using historically custom IT
20 solutions, correct?

21 MR. SHAWN CAMPBELL: Sorry, just a
22 correction on the COTS. It's "commercial."

23 MR. TODD ANDRES: Commercial. Thank
24 you.

25 MR. SHAWN CAMPBELL: Sorry, can you

1 repeat your question?

2 MR. TODD ANDRES: Absolutely. So, MPI
3 historically delivers its business processes through
4 custom IT solutions, correct?

5 MR. SHAWN CAMPBELL: We do have a
6 large commitment of custom solutions. So, our Basic
7 insurance, our Extension products are managed through
8 a custom built -- in-house built solution as well as
9 the driver registration -- driver licensing and
10 vehicle registration, and our physical damage
11 components. Those are all on custom built code that
12 MPI is responsible for.

13 MR. TODD ANDRES: Thank you for that.
14 And so, did the preexisting technology influence
15 business process or did the business process influence
16 the technology?

17 MR. SHAWN CAMPBELL: I'm sorry, can
18 you elaborate on your question?

19 MR. TODD ANDRES: Sure. So, I guess
20 the presence of these custom solutions that are
21 currently in place, did that have an effect on the
22 choices made by MPI in terms of how to go about
23 replacing them?

24 MR. SHAWN CAMPBELL: That's a hard
25 question to answer. So, there's a couple things that

1 have to be considered. Because it's custom built
2 software, we get to build the software to align to
3 what our processes are at that time when we build it.
4 And so, you wind up with potentially unique processes
5 that you don't see in other organizations.

6 When you go to buy a commercial off-
7 the-shelf product or a software as a service type
8 product, those are typically built in a way that uses
9 a standard approach within industry as the ecosystem
10 evolves.

11 And so, what happens is MPI winds up in
12 a position where we have to take a look at those
13 business processes to see how do they have to be
14 realigned so that they can fit with this commercial
15 product.

16 MR. TODD ANDRES: And so, in respect -
17 - with respect to BI3 and ERP, are those at all
18 customizable in order to be able to support MPI's
19 business?

20 MR. SHAWN CAMPBELL: So, both products
21 are what are considered to be enterprise grade
22 solutions. Enterprise grade solutions come as a
23 highly configurable entity. So, you can create
24 customizations or configurations that allow you to
25 align to your business processes.

1 The challenge is, is that if you over
2 customize, it makes it difficult to accept upgrades on
3 the products. When you move into more of a software
4 as a service offering, you're limited into what those
5 customizations can be because you're no longer the
6 master of when you get to do the upgrades, the vendor
7 is. And so, the vendor wants to make it so that it's
8 very easy for them to apply those upgrades.

9 MR. TODD ANDRES: Understood. Thank
10 you for that. So, if I understand correctly, you'll
11 agree that there are -- well, sorry, in -- in moving
12 to a COTS-based system, or to COTS enterprises, if you
13 want call them that, there's a risk that it may not
14 accommodate the business in the long term, correct?

15 MR. SHAWN CAMPBELL: I would say that
16 the risk is that in the short term, you have a lot of
17 work potentially to change your processes to align
18 what the product can do. It wouldn't be a long-term
19 risk because it would just be like any other piece of
20 software.

21 As you're using the software over time,
22 you always want to keep an eye on how does this
23 product still fit with the business need. And when
24 you start to see a divergence, then you start to look
25 at transformational actions.

1 MR. ROY HART: Roy Hart speaking. I'd
2 like to add to this a little bit. So, when we look at
3 commercial off-the-shelf products and purchasing those
4 for use inside the Corporation, we're doing so because
5 fundamentally it's undifferentiated across the
6 industry.

7 So, you're looking for things that are,
8 you know, general purpose. Like, enterprise resource
9 planning is -- is a perfect example. Very few
10 corporations would go out and build their own
11 enterprise resource planning solution.

12 When it comes to bodily injury claims
13 management, this is a common requirement across the
14 industry. So, we've purchased bodily injury claims
15 management software a number of years ago, and we're
16 just upgrading that. And the same may apply in -- in
17 many other cases.

18 Where it's something that's truly
19 differentiated, that's where we want to apply efforts
20 on custom development. And in many of these cases,
21 not exclusively, not all of them, but in many of these
22 cases, if there was something that was custom
23 requirement, it's evaluated as part of the product
24 selection process typically.

25 And then we would decide, can we build

1 that as something external to the system that
2 integrates with it to meet that business need. And
3 these are all choices that are made in -- in executing
4 alignment between software and business need.

5 MR. TODD ANDRES: Thank you for that.
6 Ms. Dweh, if you could jump forward to slide 30,
7 please. Sorry, it's not on this slide, but it -- it
8 was not long ago, so I think you'll probably remember
9 you mentioned earlier this morning the development of
10 what are called KRS, or key risk indicators, I think.

11 Is that correct?

12 MR. ROY HART: Yes, Ms. St. Laurent
13 had mentioned that --

14 MR. TODD ANDRES: Thanks for that.
15 And so, if I recall correctly, they were developed in,
16 I guess, consultation with Gartner. Is that correct?
17 Or at least there was a series of KPIs that was
18 developed with Gartner.

19 Is that correct?

20 MS. JENNIFER ST. LAURENT: The KPIs
21 being used currently are as part of our PMO office.
22 We are going through a review with our governance
23 vendor to validate improvement opportunities.

24 MR. TODD ANDRES: Very good. And I
25 think it might actually be 29. My apologies, Ms.

1 Dweh. No.

2 MR. ANTHONY GUERRA: Twenty-eight,
3 Counsel.

4 MR. TODD ANDRES: Oh, 28. There we
5 are. Thanks for that. Sorry.

6

7 CONTINUED BY MR. TODD ANDRES:

8 MR. TODD ANDRES: So, there are a
9 number of KPIs that were developed with Gartner
10 though, correct?

11 MS. JENNIFER ST. LAURENT: The KPIs
12 were not developed with Gartner. Specifically. We
13 have -- MPI as a whole has taken guidance from
14 multiple industry best practices to influence our
15 current KPIs. We are in consultation with our
16 governance vendor to further improve upon those.

17 MR. TODD ANDRES: All right. But the
18 Gartner report was considered in developing the KPIs.
19 Is that fair to say?

20

21 (BRIEF PAUSE)

22

23 MR. TODD ANDRES: And sorry, just to
24 elaborate and to make clear, what I am talking about
25 is a maturity score is a KPI, correct? It's not

1 necessarily an internal one, but it is a KPI?

2 MR. ROY HART: Roy Hart speaking. So,
3 the maturity scores through the Gartner assessment is
4 a measure of a set of yes/no questions and answers
5 which ask you, Are you doing certain functions, are
6 you carrying out certain activities, the majority of
7 the time. That's what drives that score.

8 So, it's an assessment from a process
9 perspective, I would suggest, so it is an indicator in
10 that regard. In this context here on slide 28, we're
11 speaking about specifically to KPIs and key -- key
12 risk indicators with respect to project execution --

13 MR. TODD ANDRES: Right.

14 MR. ROY HART: -- just to -- just to
15 add some clarity.

16 MR. TODD ANDRES: Okay. Thank you for
17 that. So, the -- Gartner provides -- and I think you
18 said they were indicators, not necessarily -- you
19 wouldn't want to call them key performance indicator?

20 MR. ROY HART: I -- I wouldn't look at
21 it that way necessarily.

22 MR. TODD ANDRES: Okay.

23 MR. ROY HART: But Mr. Campbell has
24 spent more time with Gartner on this and can expand.

25 MR. SHAWN CAMPBELL: Shawn Campbell

1 speaking. So, when Gartner does their evaluation with
2 us, they provide us with a set of questions about
3 whether or not you do certain actions. One of those
4 questions would be along the lines of, Do you have
5 indicators, performance indicators, on the health of a
6 project.

7 Slide 28 is talking about those
8 specific indicators. Gartner itself is just looking
9 at going, Yes, you have that. Great. Move on.
10 There's fifty (50) more things that we want to go talk
11 to you about this.

12 Then it comes back to these are all
13 your best practices that you should do, you're not
14 doing, or could do.

15 MR. TODD ANDRES: Okay. And I think -
16 - and thank you for that explanation. It's -- it's
17 appreciated.

18 So, if I understand correctly, the KPIs
19 and the KRIs are internally developed based on
20 feedback, both external and internal. Is that
21 correct?

22 MS. JENNIFER ST. LAURENT: Yes. So,
23 the project specific KPIs have been developed with
24 both internal and external expertise. We also look to
25 bodies of knowledge, such as PMBOK, which is the

1 project management body of knowledge, for guidance on
2 how to set KPIs, KRIs, and further improve upon that
3 in consultations with our governance vendor.

4 MR. TODD ANDRES: Okay. And thank you
5 for that. So -- so, then these KRIs and KPIs are
6 reported on to the governance vendor and progress
7 against them is reported on to the governance vendor?

8 MS. JENNIFER ST. LAURENT: The
9 progress on the KPIs and KRIs are more so in --
10 reported at our steering committees and within the
11 governance layers of the approval bodies.

12 So, when project status reporting is
13 brought forward, as an example, if a project is
14 identified in a green, amber, or red status, there
15 would be meaning behind what that particular color
16 indicates. And that would be the -- the KPI, the key
17 performance indicator.

18 MR. TODD ANDRES: And so, then would
19 the governance vendor be made aware of those various
20 reports?

21 MS. JENNIFER ST. LAURENT: Yes. Our
22 current governance vendor does receive materials from
23 Executive Steering Committee.

24 MR. TODD ANDRES: And then would those
25 reports then form some sort of reporting that would

1 make its way to this process, towards the PUB, the
2 reporting against those project-based KPIs?

3 MS. SATVIR JATANA: Maybe just to --
4 this is Satvir Jatana. Just to put a little bit of
5 more colour around the governance body and their role.
6 So, the independent governance body, which is MNP,
7 reports into our Tech Committee of the Board.

8 So, from time to time -- time to time,
9 they will have a review of our major programs in this
10 case. So, they might- as part of the health check,
11 they will look at different components.

12 So, during that review, absolutely
13 there's times that they would have visibility onto
14 what are the KPIs, what is the status of KPIs, and
15 might have some best advice or criticism in some
16 cases. So, that's kind of where the KPIs would be
17 part of their review.

18 But it is, as Jen alluded to, our
19 program KPIs are reported into our Steering Co, so we
20 get a biweekly view of how that program is -- is doing
21 and -- and, you know, have those discussions, whether
22 it's in yellow, red, or green, whatever the color may
23 be, and then have those discussions.

24 And also, those minutes or those
25 Steering Co biweekly notes are also shared with our

1 Tech Committee, so they may also have some actions or
2 follow-up from -- from those KPIs. Thank you.

3 MR. TODD ANDRES: Thank you for that.
4 And now, just in terms of major programs, one (1) of
5 the words that was thrown around fair amount is the
6 word 'capacity'.

7 And so, I'm wondering if you can shed
8 some more light on what is meant by 'capacity' as it
9 relates to major programs. And probably there are a
10 number of elements, but I'll leave it to you.

11 MS. JENNIFER ST. LAURENT: There are a
12 couple of elements of capacity that we are currently
13 focused on, so resource capacity. We have implemented
14 a resource capacity planning tool set across the
15 organization.

16 So when, for example, a project is
17 identifying a need for resources with various skill
18 sets, the toolset will identify percentage allocations
19 for those resources over the required timeframe, and
20 then have an added view of how allocated or over
21 allocated those individuals might be.

22 So, then that gives us an indication of
23 whether or not we need to hire externally or have
24 other mechanisms to get that work done. The other
25 piece would be finance run rate capacity, which has

1 been spoken to previously.

2 MR. TODD ANDRES: Thank you for that.

3 So, this -- I guess under the broad heading of
4 'resource capacity', that would include not only
5 skills, but also FTE count, I'm guessing.

6 And so, there's a monetary capacity or
7 monetary implications that go along with resource
8 capacity as well, correct? Okay. Sorry, I'm seeing
9 nodding.

10 MR. ROY HART: Yes, that's correct.

11 And to add a little bit, you know, colour to that, the
12 -- our resource capacity focus is really meant to
13 highlight -- and one (1) of the issues with NOVA was
14 we did not look at the capacity at the subject matter
15 expert level wholistically.

16 And our subject matter experts in
17 various lines of business are very difficult to go and
18 find people externally that can bring the expertise on
19 the MPI business that we need. And that is a big
20 constraint for how we operate and is one (1) of the
21 key constraints that we apply.

22 So, for example, to -- to go a bit
23 further, I can more easily go and hire somebody who
24 has expertise in a particular database system or
25 solution than I can go and find somebody who has

1 particular expertise in how insurance at MPI works.

2 And so, our -- our constraint is really
3 on our internal people side, and that drives a lot of
4 our decision making in that regard. Couple that then
5 with the financial constraint in terms of, you know,
6 having contracts in place and resources in place to
7 execute the work.

8 So, it's all about capacity planning.
9 And we look at it wholistically across the full
10 portfolio. And just for additional clarity, we do
11 also include in that full portfolio all of the other
12 smaller projects and initiatives that run as well. So
13 -- so, it's not myopic to just the major programs
14 demands. It incorporates the real running of the
15 Corporation overall.

16 We're in relatively early stages in
17 that regard, I will say. We -- we are continuously
18 improving our ability to do effective capacity
19 planning and resource planning in that regard, but it
20 is in -- in relatively early stages, but we do have I
21 think some -- I think some good wins in that regard so
22 far.

23 MR. TODD ANDRES: Thank you for that.
24 And can you also perhaps shed some light on how MPI
25 determines resource capacity?

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(BRIEF PAUSE)

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MS. JENNIFER ST. LAURENT: So, there -
- there is work done -- Jennifer St. Laurent. There
is work done across multiple different layers of
capacity. So, there is subject matter expert capacity
or some of our executive sponsorship capacity.

So, from that perspective, we have
ensured that the major programs have different
executive sponsorship as well as key director level
sponsors. So, we're managing capacity from -- from
that perspective.

From the subject matter -- or lower
level subject matter expert perspective, we are using
a toolset in order to identify where there are too
many project allocations for an individual, putting
them above the -- a hundred percent threshold. So, we
are managing it in that respect.

And we -- as soon as we have planning
information, we're starting to feed it into the tools
and adjusting those plans as we get additional detail
on the projects as the project plans mature.

MR. TODD ANDRES: Thank you for that.
And -- and you mentioned just a moment ago --

1 actually, I wonder, Ms. Dweh, if you could pull up
2 slide 33. Right.

3 And this is about the governance model
4 that was discussed this morning. And I don't know if
5 we need to go there. I assume you all have the
6 Strategic Plan committed to memory. But there are
7 five (5) pillars, correct, in the Strategic Plan.

8 MR. ROY HART: Roy Hart speaking.
9 Yes.

10 MR. TODD ANDRES: And you know what?
11 Might as well. Sorry to do this to you, Ms. Dweh. If
12 you could pull up from the GRA part 3 CSG Appendix 1.
13 Thank you. And if you could advance to page 4,
14 please.

15 And so, if we look at the fifth pillar,
16 I believe in earlier testimony -- and -- and correct
17 me if I'm getting this wrong -- IT and major programs
18 that relate to IT would fall under the fifth pillar,
19 which is labeled, "Be ready for what's ahead."

20 Is that correct?

21 MR. ROY HART: So, the -- Roy Hart
22 speaking. So, the majority of IT related activities
23 would fall under pillar 5. However, we do have, I'll
24 note under, for example, 3.1, where it says, "Better
25 data to make smarter decisions," there's it activity

1 related to that. There's IT activity related to many
2 of the different strategic elements that are
3 highlighted here.

4 MR. TODD ANDRES: And then just in
5 terms of the -- you know, the things that fell within
6 the scope of Project NOVA specifically, you would
7 agree that those would fall under Pillar 5, correct?

8 MR. ROY HART: So, I think that what
9 was within the original scope of Project NOVA would
10 probably fall under areas within five (5), yes, but
11 also in other areas as well across the strategy.

12 MR. TODD ANDRES: Okay. And so,
13 you'll agree that in each of these pillars, there is
14 sort of a pillar owner. You know, for Pillar number
15 1, it's the chief operating officer, number 2 is chief
16 people officer, three, chief legal and risk officer,
17 four (4) is chief financial officer, and then five (5)
18 is chief customer and product officer. You see that?

19 MR. ROY HART: Yes.

20 MR. TODD ANDRES: Thank you. And, Ms.
21 Dweh, if we could actually go back to the slideshow,
22 and we're back to slide number 33.

23 So, what I'm trying to understand there
24 is we have there -- and I would guess that the
25 solution sponsor is whoever is, I guess, running that

1 particular major program or owns that major program.

2 And then we have the technology
3 sponsor, and my guess would be that's either Mr. Hart
4 or someone sitting alongside Mr. Hart. And then we
5 see a direct line to the CEO.

6 So, what I'm trying to get a handle on
7 is how this integrates with the reporting structure
8 and the framework and the ownership model from the
9 Strategic Plan.

10 MR. ROY HART: Okay. Roy Hart
11 speaking. So, I understand the question. This
12 governance model is specific to the execution of major
13 programs, okay? So, I want to make that clear
14 upfront.

15 With respect to strategy, my role is
16 across the entire strategy, in essence, right? And
17 so, I work very closely in my role as CITO with all of
18 my colleagues against the pillars for which they are
19 the primary sponsor and owner of those pillars.

20 With respect to major programs
21 execution, which is what we're talking about here, and
22 governance of major programs, I am a sponsor for all
23 major programs that exist through this model,
24 responsible for, of course, the delivery and -- and
25 technology side of things. And so, Ms. St. Laurent

1 reports in to me, and we're accountable for making
2 sure that major programs get delivered.

3 For a solution sponsor, it could be one
4 of the individuals that are a sponsor of the pillar
5 strategy. However, it is not necessarily the case.
6 So, for example, our chief claims officer is the
7 sponsor for the BI-3 major program, right, okay? And
8 Mr. Bowering and I work very closely together as
9 sponsors on that -- on that delivery.

10 Sf that helps explain, it is -- it is,
11 you know, not directly connected to the strategy
12 overall. It's more about execution and delivery of
13 major programs and being accountable for that. And it
14 does -- you know, major programs result from elements
15 of the strategy and -- and how it ties into our five
16 (5) year rolling IT roadmap ultimately.

17 MS. SATVIR JATANA: If I may just --
18 because I think this is a very important slide. This
19 really enables our major program delivery. and I'd
20 just like to -- just to follow up from Roy's comment.

21 What you're seeing is a technology
22 sponsor, solution sponsor, and a line of business
23 sponsor that is new for MPI whereas in the past,
24 either you just had one leader or maybe two (2)
25 leaders.

1 And I know our -- our governance model
2 has evolved. The attention here is that whenever
3 there is a major program, we know that it's going to
4 have impact on our customers, our employees, our
5 partners, and essentially -- and you're going to do
6 that through a technology solution.

7 What was missing before is that -- and
8 through NOVA, some of this has already been discussed
9 -- that poor planning, not truly understanding the
10 needs of our customers or stakeholders, and R1 was a
11 great example of that.

12 So, in this view, the solution sponsor
13 is responsible for working with the business and IT to
14 really helping us plan, understanding the business
15 requirement in those business requirement,
16 understanding both employee and customer needs as
17 well.

18 So, they enable that change. They
19 enable kind of the solution that we are going to
20 implement through IT in this case whereas the line of
21 business sponsor may change.

22 So, for example, right now, we are
23 implementing IRP. So, in that case, the line of --
24 line of business sponsor is the leader. Our COO would
25 be sitting in that seat.

1 But there is always someone between IT
2 and the business, and that is the solution sponsor.
3 Their responsibility is to ensure that we deliver
4 based on the needs of the business, needs of the
5 customer, and they translate that information into IT
6 so they can implement the solution.

7 And SRE may be another example. If we
8 were to in future deploy SRE solution, in that case,
9 the SRE VP would be the line of business sponsor --
10 all that to say two (2) leaders that will not change,
11 no matter what the major program is, one of them being
12 the CITO and the other one being the VP of product and
13 customer experience, and that's Maria. Their roles
14 are constant in all our major programs.

15 The only role that might change is the
16 line of business, which, depending on the major
17 program, you could have respective VPs sitting in that
18 role. So just wanted to provide a little bit of more
19 clarity. Thank you.

20 MR. TODD ANDRES: Thank you for that.
21 And just so if I'm understanding this correctly, so
22 the CITO -- sorry, not the CITO -- Ms. Campos's role,
23 the chief product officer I believe it is, is somehow
24 subsumed into one of these categories.

25 But if I'm understanding the way this

1 works, the line of business sponsor, while it's on the
2 same tier as the solution sponsor and technology
3 sponsor, will have a -- I don't know if it's a
4 reporting obligation, but there's a direct line to the
5 left, which is they report into the solution sponsor
6 and/or technology sponsor or have oversight by the
7 solution and/or technology sponsor.

8 Is that fair?

9 MR. ROY HART: Roy Hart speaking. So,
10 the -- as Ms. Jatana mentioned, the technology sponsor
11 and solution sponsor are constant. So, Maria and I
12 are sponsors for all major programs.

13 I think I misspoke when I said -- I use
14 the claims example. The -- that would be the line of
15 business sponsor. So, in that case, that would be Mr.
16 Bowering, and Mr. Bowering would not be reporting in
17 to myself and/or Maria. It's more of a joint shared
18 accountability for delivering for that line of
19 business with specific responsibilities assigned to
20 each of us.

21 MS. SATVIR JATANA: So, another way of
22 saying that, technology sponsor and solution sponsor
23 are accountable for the delivery of the major program.
24 The business sponsor champions that change in
25 respective line of business, and they have the

1 responsibility to ensure, one, that business needs are
2 understood by the solution sponsor for part of the
3 change.

4 Two (2), they also are responsible
5 making sure that, when that solution lands in the
6 business, that they champion and they lead their team
7 through that change. And -- and that is a VP role in
8 -- almost in all of the cases.

9 And, of course, they also are part of
10 the executive steerco, so they have a voice in all of
11 our deliveries, but the direct accountability for
12 major program falls onto the technology sponsor and
13 solution sponsor.

14 MR. TODD ANDRES: Thank you for that.
15 Ms. Dweh, could you please pull up slide 38. All
16 right.

17 So, this is a slide dealing with SRE
18 remediation, correct?

19 MR. ROY HART: Roy Hart. Yes.

20 MR. TODD ANDRES: Thank you. And so,
21 if I understand the -- the key drivers listed in the
22 three (3) bullets at the bottom of this slide from
23 this morning's presentation, it appears that there is
24 a movement of policies from Duck Creek to SIS.

25 Correct?

1 MR. ROY HART: Yes.

2 MR. TODD ANDRES: And SIS is
3 identified as the prior Legacy system, correct?

4 MR. ROY HART: Yes, it is.

5 MR. TODD ANDRES: And can you provide
6 any insight into whether costs and timelines have been
7 assessed for this movement?

8 MR. ROY HART: So, in terms of the
9 timeline, we are anticipating completion of the
10 migration by spring, early summer. The reason it
11 takes this timeline is because it's coincident with
12 policy renewal date, which is a fairly unique thing in
13 insurance systems.

14 With respect to cost, I think Ms. St.
15 Laurent could probably speak to some of the costs
16 associated with this.

17 MS. JENNIFER ST. LAURENT: So,
18 confirming that, yes, there was a unique business case
19 that was created for the SIS reversion and it has been
20 fully costed --

21 MR. ROY HART: So -- Roy Hart.

22 MS. JENNIFER ST. LAURENT: -- and has
23 been submitted

24 MR. ROY HART: To add to that, we've -
25 - we've added eight (8) FTEs to the SRE line of

1 business to facilitate the manual entry.

2 MR. TODD ANDRES: And I guess that
3 pre-empts my next question, which is the third bullet:
4 Has a path forward been determined?

5 MR. ROY HART: No, we have not yet
6 determined the full path forward. We are currently
7 analyzing what that is.

8 MR. TODD ANDRES: And will -- maybe
9 you can answer this now, maybe later. Will Duck Creek
10 be a part of the path forward?

11 MR. ROY HART: I think we'll answer
12 that later.

13 MR. ANTHONY GUERRA: Yeah. Sorry,
14 counsel. That's a confidential module response.

15 MR. TODD ANDRES: Thank you for that.

16 Ms. Dweh, if you could move forward to
17 slide 39, please. Thank you.

18 So, the BI-3 upgrade, you spoke about
19 this in the presentation this morning and it indicates
20 you're on the last available version of the on-prem
21 product, correct?

22 MR. ROY HART: Yes.

23 MR. TODD ANDRES: And that means it's
24 moving to a cloud-based provider. Is that fair?

25 MR. ROY HART: Yes.

1 MR. TODD ANDRES: Thank you. Is it a
2 US-based provider?

3 MR. ROY HART: This provider is in --
4 in Ireland.

5 MR. TODD ANDRES: Okay. So, my next
6 question is: Do you know where the data will be
7 hosted?

8

9 (BRIEF PAUSE)

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11 MR. ROY HART: We're just checking.
12 Just give us a moment.

13 MR. TODD ANDRES: Thank you.

14

15 (BRIEF PAUSE)

16

17 MR. SHAWN CAMPBELL: Shawn Campbell
18 speaking. So FINEOS is deploying their SaaS offering
19 in a Canadian data centre, so the data itself will be
20 hosted within Canada.

21 MR. TODD ANDRES: Thank you. Now, Ms.
22 Dweh, if we can actually jump back to slides, to
23 number 37, please.

24 And in this morning's presentation,
25 this panel had been talking about the first customers

1 using the new MyMPI portal will be the IRP or
2 International Registration Plan customers, correct?

3 MR. ROY HART: Yes.

4 MR. TODD ANDRES: And so that's
5 obviously I guess a more bite-sized chunk than the --
6 I'm not sure what the word is, but the individual
7 users, the non-commercial users, correct?

8 MR. ROY HART: Yes, it would be.

9 MR. TODD ANDRES: And so, I guess the
10 -- the next question is: What is MPI's plan for
11 getting to the individual level, so the non-commercial
12 users?

13

14 (BRIEF PAUSE)

15

16 MR. ROY HART: Roy Hart speaking. So
17 online is a fairly broad term when it comes to MPI.
18 So today we -- we offer a number of services that are
19 online, like appointment booking, bill payment, and so
20 forth.

21 When we look at the MyMPI foundation,
22 this is creating a new customer portal. In terms of
23 exactly what customer transactions show up on that
24 portal in -- in due course is something that we -- we
25 will determine as we build out this capability and as

1 we evaluate our roadmap and where we need to deal with
2 particular systems that we may have some online
3 transaction capability that we could leverage, or it
4 could be just something as simple as showing
5 information to people.

6 But we -- we need to take some time to
7 effectively manage and plan that. What this portal
8 does is gives us that presence where we have addressed
9 the issue of how do we identify people and build out
10 identity. That's a critical capability to have real
11 online transactions against sensitive information.

12 And so, this -- this portal helps build
13 out that capability. We're using our first set of
14 customers, which is very -- as you pointed out, a very
15 small group of customers that will get some benefit
16 from this being available to them.

17 We'll prove out the technology through
18 that process, and we'll have the platform laid, the
19 foundation laid to be able to incrementally then add
20 new online services in due course.

21 Of course, we -- it does -- it goes
22 without saying that we do need to take a look at post
23 NOVA being shut down and how we're dealing with those
24 systems to determine the -- the best path forward and
25 -- and which online transactions are going to be our

1 priority in the future. So, I -- I don't have
2 anything more than that to share at this point.

3 MR. TODD ANDRES: Thank you for that.
4 So, Ms. Dweh and to the panel, I'll now turn my
5 attention to my previously planned programming, which
6 involves cross-examination on value assurance.

7 My understanding -- and if you can
8 confirm this -- value assurance team is engaged for
9 all initiatives for the total value of five hundred
10 thousand dollars (\$500,000) or greater, correct?

11 MR. ROY HART: Yes. Initiatives over
12 five hundred thousand (500,000).

13 MR. TODD ANDRES: Thank you. And the
14 rationale advanced for this five hundred thousand
15 dollar (\$500,000) threshold is that there's I guess a
16 resource intensity and a time requirement associated
17 with applying the full benefits realization management
18 framework, correct?

19 MR. ROY HART: Yes.

20 MR. TODD ANDRES: So, benefits
21 realization I'll refer to as BRM, but I think we'll
22 all know what I'm talking about, correct?

23 MR. ROY HART: Yes, that's fine.

24 MR. TODD ANDRES: Thank you. And for
25 projects under five hundred thousand dollars

1 (\$500,000), MPI continues to apply lean business
2 cases. Is that fair to say?

3

4

(BRIEF PAUSE)

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6

MR. ROY HART: Roy Hart speaking.

7

Thank you for your patience. Anything that is a

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hundred thousand dollars (\$100,000) or more requires a

9

business case. Anything that's over five hundred

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thousand (500,000) requires benefits realization.

11

MR. TODD ANDRES: Thank you for that.

12

And so, for those projects that are less than five

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hundred thousand dollars (\$500,000) but I guess more

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than a hundred thousand dollars (\$100,000), they're

15

reported through the Corporate Project Funding Summary

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or CPFS, correct?

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MR. ROY HART: Yes, that's correct.

18

MR. TODD ANDRES: And that was

19

formerly known as the Capital Master, is that correct?

20

MR. ROY HART: Yes.

21

MR. TODD ANDRES: Thank you. And does

22

the value assurance team maintain and own the CPFS?

23

MS. SABRINA KAUK: Sabrina speaking.

24

So, there's two (2) distinct functions. One is

25

project accounting department. The other is the value

1 assurance department. So, maintaining the corporate
2 project funding summary falls under the jurisdiction
3 of the project accounting team.

4 MR. TODD ANDRES: Thank you for that,
5 Ms. Kauk. And so, I think we've established this, but
6 just to confirm, initiatives that are subject to value
7 assurance oversight are required to use the BRM
8 framework, right?

9 MS. SABRINA KAUK: That's correct.

10 MR. TODD ANDRES: Thank you, Ms. Kauk.
11 Can you please summarize at a high level the purpose
12 of the BRM framework and how it supports governance
13 and accountability of project outcomes?

14 MS. SABRINA KAUK: One minute.

15

16 (BRIEF PAUSE)

17

18 MS. SABRINA KAUK: Sorry. I was just
19 gaining clarifications. I think we filed the
20 framework -- just wanted to confirm -- but the
21 framework ensures that we have standardized processes
22 across all initiatives for following those benefits
23 realization.

24 MR. TODD ANDRES: Thank you for that,
25 Ms. Kauk. And the BRM framework is expected to be

1 applied across all initiatives managed by IT major
2 programs, correct?

3 MS. SABRINA KAUK: Correct.

4 MR. TODD ANDRES: Thank you. And so,
5 as a part of -- as a part of its function, the value
6 assurance team may identify risks, correct?

7

8 (BRIEF PAUSE)

9

10 MS. SABRINA KAUK: Sabrina. So, for
11 value assurance, that's specific to identifying
12 benefits within the project. And so, the risk would
13 be that those benefits are not realized, not to
14 identify risks present within the project itself.

15 MR. TODD ANDRES: Okay. And -- and
16 then I guess one of the things that may identify along
17 with that would be under-performance. Is that fair to
18 say?

19 MS. SABRINA KAUK: So, value assurance
20 is specific to the benefit outcomes of project
21 delivery. And so, value assurance team is not
22 responsible for monitoring project implementation.

23 Certainly, we are involved in attending
24 meetings along the way to understand implications of
25 project delivery that could impact the expected

1 benefit outcomes.

2 But the measurement of value assurance
3 itself for benefits is specific to monitoring post
4 project benefit delivery for one year post
5 implementation to track and ensure that those benefit
6 outcomes are being realized. And if they're not,
7 there's risk mitigation that's put in place.

8 MR. TODD ANDRES: Right. So, it
9 identifies deviations from expected benefits or
10 unrealized benefits?

11 MS. SABRINA KAUK: Correct.

12 MR. TODD ANDRES: Thank you. And can
13 you describe the Value Assurance Team or VAT's level
14 of authority and influence in the circumstances when
15 it identifies a benefit that's not being realized or a
16 deviation or an underperformance?

17

18 (BRIEF PAUSE)

19

20 MS. SABRINA KAUK: Thank you. So,
21 within the framework and within the principles that we
22 follow, the way we would execute is we have milestone
23 check-ins with the project delivery team. And we also
24 have measurements that are attached to measuring
25 tangibly the achievement of those expected benefit

1 outcomes. And so, we would, post-project
2 implementation, be measuring and having those regular
3 milestone check-ins.

4 And if there's concern when we're
5 seeing those measurements materialize, that they're
6 not meeting the expected targets, there would be
7 appropriate subsequent escalation.

8 So, value assurance would be meeting
9 with the relevant governance committee, such as
10 project steering and, ultimately, that information
11 would flow through in reporting to executive
12 committee, as well as tech committee.

13 MR. TODD ANDRES: Thank you, Ms. Kauk,
14 you've answered the next three (3) questions on my
15 piece -- on my page.

16 Project NOVA was subject to value
17 assurance oversight. Correct?

18

19 (BRIEF PAUSE)

20

21 MS. SABRINA KAUK: So, in the -- the
22 recent year we've implemented a formal BRM framework,
23 that was not in place at the time. But to answer the
24 direct question, yes.

25 MR. TODD ANDRES: So, can you describe

1 the role and involvement to the Value Assurance Team
2 in monitoring -- monitoring project NOVA's
3 performance, progress and alignment to approved
4 business outcomes?

5

6 (BRIEF PAUSE)

7

8 MS. SABRINA KAUK: Thank you. Just
9 conferring, as I did not work here at that time, to
10 make sure I'm representing accurate information.

11 So, in the initial business case and
12 re-baseline, there was identified -- benefits
13 identified and reported in the approved business case
14 and re-baseline.

15 MR. TODD ANDRES: All right. And I
16 can take you to the reference, if you wish, but I'll
17 just get you to confirm that four (4) initiatives have
18 been identified as Value Assurance Initiatives for
19 fiscal year 2025/'26, and those are Contact Center as
20 a Service, Enterprise Feedback Management, Enterprise
21 Data Platform and Cloud Migration. Is that correct?

22 MS. SABRINA KAUK: That's correct,
23 plus the major programs.

24 MR. TODD ANDRES: Again, you've pre-
25 empted me. So, the four (4) major programs that

1 you're speaking about, those would be MyMPI
2 Foundation, SRE Remediation, Bodily Injury Claims
3 Management and ERP Replacement.

4 MS. SABRINA KAUK: Correct.

5 MR. TODD ANDRES: Is that correct?
6 Yes?

7 MS. SABRINA KAUK: That's correct.

8 MR. TODD ANDRES: Thank you. And
9 those four (4) main initiatives of major programs, is
10 it fair to assume that the -- and -- and those -- by
11 those four (4), I mean, the MyMPI, SRE Remediation,
12 Bodily Claims Management and ERP Replacement, is it
13 fair to assume that the BRM framework is being used
14 for those?

15 MS. SABRINA KAUK: Correct.

16 MR. TODD ANDRES: So, yes, thank you.
17 And ERP, in particular, is a very large and important
18 replacement. Is that fair to say?

19 MR. ROY HART: Roy Hart speaking. So,
20 ERP on the whole, yes, is and that's why it's been
21 broken into multiple separate and discrete projects.

22 MR. TODD ANDRES: And so, can you
23 describe what assessments or reviews have been done to
24 date with respect to the ERP replacement?

25

1 (BRIEF PAUSE)

2

3 MR. ROY HART: So, the -- as -- as was
4 shared earlier, our first step in the ERP journey is
5 replacing -- or sorry, upgrading to a supported
6 version of the -- of the platforms that we use there.
7 And so that's the first step.

8 Simultaneously, we're engaging a third
9 party to help us through the work that -- that we need
10 to do to select a new ERP solution. And this is being
11 driven by the reasons that were shared by -- I believe
12 it was Mr. Campbell shared the -- the date that some
13 of this software is no longer supported, no longer
14 even available for us to use.

15 And so, we're taking a deliberate
16 measured approach in that regard to -- to make this
17 change. So, there will be more -- the -- more
18 analysis needs to be done, of course, to look at our
19 business processes, look at what our target business
20 processes are and that's why we're bringing in a firm
21 to help us through that process.

22 MR. TODD ANDRES: Sure and -- and we
23 did notice that, relatively, I guess in the IT world,
24 tight timeline for that program. So, I guess if you
25 can comment on, you indicated that you're going to be

1 engaging a third party to assist.

2 MR. ROY HART: M-hm.

3 MR. TODD ANDRES: What stage is MPI
4 now at in terms of that process?

5 MR. GARY DESSLER: Gary Dessler
6 speaking. So, with regards to the advisor, we have a
7 Request For Proposal, an RFP, is in MERX right now,
8 and we expect to have vendor responses in the next
9 month.

10 MR. TODD ANDRES: Thanks for that.
11 This is a broad question, but can this panel please
12 comment on what lessons the Value Assurance Team has
13 taken away from the project NOVA initiative?

14

15 (BRIEF PAUSE)

16

17 MS. SABRINA KAUK: So, today we have
18 the Value Assurance Team involved early on in the ICP
19 intake process. And so, what the Value Assurance Team
20 sets out to do with the business is understand what
21 are the expected outcomes from the initial start.

22 In the past, we were more solution
23 focused. And I don't want to say backing into
24 benefits, but focused more on the solution, versus
25 putting first, and foremost, what are our expected

1 outcomes and benefits. And so, Value Assurance puts
2 together and identifies within the business case the
3 expected benefits at a high level.

4 Subsequent to that, a detailed benefit
5 realization plan is put together and within there we
6 put quantification, expected measurements, in very
7 much detail. And those benefits and the benefit
8 realization plan are signed off on by the business
9 owners, but also reviewed by our solution manager and
10 the major programs team to ensure we have alignment
11 across all of the various parties to ensure that
12 there's no confused messaging. And that everyone is
13 aligned on the expected outcomes at the forefront.

14 MR. TODD ANDRES: Thank you, Ms. Kauk.
15 So, those are my questions on value assurance. I
16 think I'm -- I'm happy to proceed into benchmarking
17 and at least start that cross-exam, if the Panel is
18 agreeable to this.

19 PANEL CHAIRPERSON: Yes. Mr. Andres,
20 if you could proceed and let's see if we can aim to
21 break somewhere around 12:30?

22 MR. TODD ANDRES: Thank you, Madam
23 Chair.

24

25 CONTINUED BY MR. TODD ANDRES:

1 MR. TODD ANDRES: So, MPI selected
2 Gartner as the vendor to conduct IT benchmarking
3 reviews. Correct?

4 MR. SHAWN CAMPBELL: Shawn Campbell
5 answering. Gartner was the -- the vendor that won the
6 competition that we had for the benchmarking exercise.

7 MR. TODD ANDRES: And that was in the
8 current fiscal year. Correct?

9 MR. SHAWN CAMPBELL: That was in this
10 current fiscal year, yes.

11 MR. TODD ANDRES: And Gartner IT
12 benchmarking the -- the engagement, it's five (5)
13 years with two (2) optional 24-month renewals.
14 Correct?

15 And, I can take you to a source if you
16 like. I'm sorry, Ms. Dweh, if you could pull up
17 PUB/MPI-2-64. It's response 'A'. There we are.

18 MR. SHAWN CAMPBELL: Shawn speaking.
19 Correct.

20 MR. TODD ANDRES: Thank you. And so,
21 the potential term is nine (9) years. Correct?

22 MR. SHAWN CAMPBELL: Yes, that is
23 correct.

24 MR. TODD ANDRES: Thank you. And
25 you'll note in response 'B', I don't know if you need

1 to see the question. It just says that Gartner has
2 confirmed it'll be using -- assigning new resources to
3 this engagement as the previous resources have since
4 departed. Correct?

5 MR. SHAWN CAMPBELL: That is correct.

6 MR. TODD ANDRES: Thank you. And
7 then, Gartner also confirmed that they'll be employing
8 the same benchmarking methodology as in previous
9 years. Correct?

10 MR. SHAWN CAMPBELL: Yes, correct.

11 MR. TODD ANDRES: And so, given the
12 MPI's recognition of the value of IT benchmarking, and
13 its renewal of Gartner's contract, can MPI confirm
14 that it intends to incorporate IT benchmarking
15 insights into its IT strategy development on IT
16 operational execution?

17 MR. SHAWN CAMPBELL: As was alluded to
18 in our presentation this morning, yes, that is
19 definitely the intent.

20 MR. TODD ANDRES: And so, it'll be
21 folded into the -- I guess it's safe to assume, folded
22 into the five-year rolling IT roadmap. Is that fair?

23 Some of the insights gleaned from
24 benchmarking, I guess.

25 MR. SHAWN CAMPBELL: The insights

1 gleaned from the benchmarking are typically applied to
2 operational effectiveness and process improvements.
3 There -- those actions are not items that would be
4 large enough to actually show up on a roadmap, but
5 would be things that are taken into account as we do
6 our operational planning.

7 MR. TODD ANDRES: Thanks for that.
8 Ms. Dweh, if you could please pull up Exhibit 18 --
9 MPI Exhibit 18. Thank you. And if we can move
10 forward to page 4 and just generally to the panel.

11 This is the Gartner report, the '24/'25
12 Gartner report. Correct?

13 MR. SHAWN CAMPBELL: Yes, that is
14 Correct.

15 MR. TODD ANDRES: And so, we have in
16 front of us a table that says it's a summary of the
17 benchmarks completed to-date. Do you see that?

18 MR. SHAWN CAMPBELL: Yes.

19 MR. TODD ANDRES: Thank you. And
20 you'll agree that the top five (5) lines or so
21 represent the last contract, I guess you can call it,
22 of Gardner's engagement. Is that fair?

23 MR. SHAWN CAMPBELL: Yes, that is
24 correct.

25 MR. TODD ANDRES: And then the bottom

1 line which says, "delivered September 2025," that's
2 the current Gartner engagement. Correct?

3 MR. SHAWN CAMPBELL: Yes, that is
4 correct.

5 MR. TODD ANDRES: Thank you. And
6 you'll agree that even within the current 2024/'25
7 benchmarking report, that includes a period when
8 project NOVA remained active. Correct?

9 MR. SHAWN CAMPBELL: Yes, that is
10 correct.

11 MR. TODD ANDRES: Thank you. And,
12 during the preparation of the current report was
13 Gartner advised of the early closure of Project NOVA?

14 MR. SHAWN CAMPBELL: So, during the
15 maturity review, they were made aware that NOVA was
16 being closed, and major programs was a new entity that
17 was also coming into MPI's way for delivering projects
18 so that we can handle these large projects.

19 The fiscals and the maturity reports
20 were held within the previous fiscal year. So, NOVA
21 would still be done. So, we -- in those discussions
22 with them, for this fiscal year, which that maturity
23 assessment's going to happen next year, we were
24 preparing them for what's going to happen with NOVA,
25 what's going to happen with major programs. How

1 should we proceed to make sure that this report is
2 meaningful going forward.

3 MR. TODD ANDRES: So, is MPI aware of
4 any methodological changes or adjustments to account
5 for Project NOVA's early closure in the current fiscal
6 year when Gartner was preparing this 2024/'25 report?

7 MR. SHAWN CAMPBELL: Some
8 methodological changes, because of the NOVA closeout,
9 would not have materialized when we did that report,
10 because that was for the previous fiscal year. NOVA
11 was still running strong and was moving towards its
12 closing.

13 MR. TODD ANDRES: And now we reviewed
14 this morning that Gartner uses, I think two (2)
15 different peer groups. You have the public sector
16 peer groups for comparison, as well as the private
17 insurance industry peer groups. Is that correct?

18 MR. SHAWN CAMPBELL: Yes, that is
19 correct.

20 MR. TODD ANDRES: Thank you. And does
21 MPI believe that these comparisons, or these
22 comparator groups, remain appropriate given the
23 organization's operating model, and continued
24 modernization trajectory following the closeout of
25 Project NOVA?

1

2

(BRIEF PAUSE)

3

4

MR. SHAWN CAMPBELL: So, as was just discussed this morning, MPI is in a unique position. There's only -- I think three (3) or four (4) like entities in North America. So, we don't fall into any one of Gartner's peer groups. In order for us to be able to use this report, meaningfully, we need to use both peer groups to assess where we're going.

11

And then the question becomes within that, between your government entities and your private insurers, should we be closer to private insurance or closer to the government?

15

And our opinion is we strive to be more like the private insurers, but we have the due diligence of our mandate to make sure that we are providing the lowest rates possible. And so, therefore, have to take into account that -- the act of how a government entity works.

21

MR. TODD ANDRES: Thank you for that. Ms. Dweh, could you please jump ahead to page 13 of 91, please. Right.

24

And you'll agree that this visualization represents Gartner's Activity Priority

25

1 Index or API. Correct?

2 MR. SHAWN CAMPBELL: Yes, that is
3 correct.

4 MR. TODD ANDRES: Thank you. And this
5 visualization ranks areas for IT improvement based on
6 their relative importance and current maturity for
7 MPI. Correct?

8 MR. SHAWN CAMPBELL: Yes, that is
9 correct.

10 MR. TODD ANDRES: Thank you. And for
11 clarity, can you confirm MPI's understanding of how
12 the API is calculated. Specifically, that the formula
13 is important, so one (1) through five (5), minus
14 maturity and again, score of one (1) through five (5),
15 multiplied by importance. I can give you a reference
16 if you wish.

17 MR. SHAWN CAMPBELL: I believe that is
18 correct.

19 MR. TODD ANDRES: Thank you. So how
20 does the API and its resulting recommendations --
21 sorry. Yeah, so how does the API and its resulting
22 recommendations inform MPI's IT strategy and
23 prioritization of improvement activities? Or does it?

24 MR. SHAWN CAMPBELL: It's a great
25 question. So, there's lots that goes into what that

1 looks like. So, we use the importance to help us
2 understand where would we get the most bang from our
3 change. And so that helps us to bring forward to that
4 specific area, hey, how can I look to improve these
5 particular areas?

6 But it doesn't preclude us from looking
7 at the rest of the areas, because there could be some
8 small changes that we could do that are of -- of lower
9 importance that will give us quick gains.

10 So, in totality, what we do is we take
11 the report, we take a look to the operational area
12 experts for that area, and we give them the report to
13 say, this is your findings start to take a look at
14 what you should incorporate to improve your maturity.
15 We don't shortcut it by saying, here's the top three
16 (3) areas. We're only focusing on that.

17 MR. TODD ANDRES: Okay. I guess that
18 sort of touches on it. But then how does MPI -- how
19 does MPI's response to these priorities, activities,
20 influence internal resource -- resource allocation,
21 just both in terms of personnel and expenditures?

22 MR. ROY HART: Roy Hart speaking. So,
23 there's many things that, of course, influence our
24 allocation of resources.

25 In this case here, I'll use an example,

1 because that's probably the best way to answer it.
2 One -- of the items here, the second one from -- from
3 the left is "develop skills and competence."

4 And in testimony earlier today, you
5 heard me speak about our skills framework for the
6 information age, and how we are investing time and
7 effort into that. We're doing that in partnership
8 with our people and culture team, of course. And so,
9 that is an example where we are identifying resources
10 and taking an active approach to addressing that area.

11 To me, as Mr. Campbell mentioned, there
12 may be other areas where there is room for
13 improvement. The leader for that particular area may
14 undertake some action that is improving how we do a
15 particular function, or making a small adjustment that
16 does lead to an improvement.

17 We don't necessarily track those
18 discretely, but they do end up eventually showing up
19 when we do this assessment again as an area that has
20 incrementally improved through a continuous
21 improvement process.

22 And finally, we do use this as an
23 input, as something as consideration, not as the only
24 single driver, just to be clear, right, for how we
25 build out our strategy, and how we build out our

1 operating plan on an annual basis.

2 And so -- so it does influence our
3 activities. It's subject of conversation, and it does
4 -- it is a key input into all of our business
5 planning, essentially from a -- from an IT lens.

6 MR. TODD ANDRES: Thank you for that.
7 Ms. Dweh, if we could move forward to slide 14, please
8 -- or page 14.

9 And, this slide presents Gartner's key
10 recommendations for improvement based on its
11 assessment of fiscal year 2024/'25 data. Correct?

12 MR. SHAWN CAMPBELL: Shawn Campbell
13 speaking? Yes, that is correct.

14 MR. TODD ANDRES: Thank you. And,
15 these include plan, product and application lifecycle
16 as number one, manage of vendors as number 2, and
17 foster the data ecosystem is number 3. Correct?

18 MR. SHAWN CAMPBELL Yes. These are
19 all key focus areas.

20 MR. TODD ANDRES: And I'm wondering,
21 at a high level, if you can speak to MPI's actions and
22 progress in -- in addressing these recommendations.

23 MR. SHAWN CAMPBELL: Sure. So, for
24 the number 1, this really starts to speak about our
25 five-year rolling roadmap, and addressing risks and

1 understanding the life cycle of the applications, and
2 what should we be doing about those applications?
3 When should we be planning for it so that we manage
4 that risk appropriately, and understand the overall
5 life cycle.

6 The second one is managing vendors.
7 While it talks about vendors, this is not an area for
8 vendor management. This is actually the program and
9 portfolio management aspect. And how do you engage
10 your vendors when you're dealing with projects? And
11 so, this is here where we're talking about vendor
12 scorecards, how we're striking up the statements of
13 work with the vendors, and how we're holding the
14 vendors to account.

15 The last one here talks about the
16 fostering of the data ecosystem. And this is where
17 we've had our -- a focused attention around building
18 out our enterprise data platform, data governance, and
19 look to leverage this into how we move towards a -- a
20 position of treating data as an asset.

21 MR. TODD ANDRES: Thank you for that,
22 Mr. Campbell.

23 Madam Chair, this is an appropriate
24 time to break in my cross if we wanted to have a
25 lunch.

1 PANEL CHAIRPERSON: Thank you, Mr.
2 Andres. And would it be acceptable to everyone to
3 come back in 45 minutes instead of an hour? Okay,
4 back at quarter after 1:00 then, please.

5 And also, could I please ask you, Mr.
6 Andres, to discuss with other Counsel whether, if the
7 public session is concluded tomorrow morning, we can
8 then move into the in-camera session cause I note that
9 it's scheduled for one o'clock. So, I'd just like
10 some advice on that, please.

11 MR. TODD ANDRES: Thank you. Madam
12 Chair, we will discuss.

13

14 --- Upon recessing at 12:31 p.m.

15 --- Upon resuming at 1:23 p.m.

16

17 PANEL CHAIRPERSON: Good afternoon.
18 Mr. Andres...?

19 MR. TODD ANDRES: Thank you, Madam
20 Chair. Ms. Dweh, if we could go back to the exhibit
21 we were looking at just before lunch, which was the
22 Gartner report, MPI Exhibit 18. And that would be the
23 one. Thank you. And if you could flip forward to
24 page 33, please.

25

1 CONTINUED BY MR. TODD ANDRES:

2 MR. TODD ANDRES: And this is a page,
3 you'll agree, that outlines IT maturity level
4 methodology, correct?

5 MR. SHAWN CAMPBELL: Shawn Campbell
6 responding. Yes.

7 MR. TODD ANDRES: Thank you for that.
8 And in terms of determining maturity, if we look at
9 the benchmarking approach outlined on this page,
10 you'll agree that 1 is the lowest score possible,
11 correct?

12 MR. SHAWN CAMPBELL: Yes, that is
13 correct.

14 MR. TODD ANDRES: And conversely, 5 is
15 the highest score possible, correct?

16 MR. SHAWN CAMPBELL: Correct.

17 MR. TODD ANDRES: Thank you. And so
18 essentially, fair to say that 5 is indicating a
19 perfectly mature score where there really isn't much
20 room for improvement?

21 MR. SHAWN CAMPBELL: Sure.

22 Essentially, we could say that way. There's always
23 room for improvement, though.

24 MR. TODD ANDRES: Thank you for that.
25 Ms. Dweh, if we could advance to page 43, please.

1 And so, you'll agree with me that we
2 have in front of us now Gartner's summary of changes
3 in level of IT maturity, correct?

4 MR. SHAWN CAMPBELL: Yes, that is
5 correct.

6 MR. TODD ANDRES: Thank you. And now,
7 there's a box on the left-hand side of the screen that
8 deals with the largest increases in maturity.

9 Do you see that?

10 MR. SHAWN CAMPBELL: Yes, that is
11 correct.

12 MR. TODD ANDRES: Thank you. And
13 you'll see that Gartner has rated in 2024 column
14 certain MPI activities with a maturity score of 5,
15 correct?

16 MR. SHAWN CAMPBELL: Yes, that is
17 correct.

18 MR. TODD ANDRES: And one (1) of them
19 is support agile delivery teams, correct? It's the
20 third row down.

21 MR. SHAWN CAMPBELL: Yes, I see it.

22 MR. TODD ANDRES: Thank you. And
23 then about five (5) from the bottom, it says
24 implement -- implement design thinking is also a 5?

25 MR. SHAWN CAMPBELL: Yes, correct.

1 MR. TODD ANDRES: And then manage
2 vendor selection is also a 5, correct?

3 MR. SHAWN CAMPBELL: Yes, correct.

4 MR. TODD ANDRES: Thank you. And
5 considering that Project NOVA represented one (1) of
6 MPI's most significant IT initiatives and was
7 subsequently closed early due to delivery challenges,
8 how does MPI reconcile Gartner's high maturity ratings
9 with the known issues leading to the early closure of
10 this project?

11 MR. SHAWN CAMPBELL: So, a couple
12 different things to consider when you take a look at
13 this.

14 So, what Gartner does is they give us,
15 as you saw at the beginning when you showed us the
16 different levels, those represent the different
17 categories that they -- they start to delve into for
18 questions.

19 And at level 3 what they do is they
20 give you sets of questions, on average about ten (10),
21 that are yes/no questions. And the questions are
22 stated in such a way that you're supposed to give a
23 yes answer when you do this 80 percent of the time.

24 So, if you wanted to score a 5, you --
25 what would have happened is for those ten (10)

1 questions you would've said, Yes, I do, this 80
2 percent of the time for all ten (10) of these
3 questions that you gave. Gartner would interpret that
4 to then be a 5 on their score.

5 So, it doesn't necessarily reflect
6 perfection. It also doesn't necessarily reflect that
7 everything is going to work perfectly because it's
8 talking about things like, do you have a process, do
9 you have a governance.

10 Yes, we have a process for doing 'X'.
11 Yes, we have a governance component that oversees
12 this. That doesn't translate into you are going to
13 execute perfectly all the time.

14 So, what this is saying is that when we
15 come to do, we have the ability to support agile
16 delivery teams, yes, we do all of the best practices
17 that Gartner is recommending. Does that mean that the
18 agile delivery teams will deliver perfectly all the
19 time? No. And so, that's a different question.

20 MR. TODD ANDRES: And so, I guess to
21 follow up on that, do these maturity scores then --
22 would you consider them accurate?

23 MR. SHAWN CAMPBELL: For the most
24 part, yes, we would consider them accurate. This is
25 people's interpretations of how we go about our ways

1 of working. And when we go to do these assessments,
2 we always ask ourselves, do I have an example that I
3 can think of that would support a yes.

4 MR. TODD ANDRES: Thank you for that.

5 MR. ROY HART: Counsel, can you just
6 give us one moment for the next question?

7 MR. TODD ANDRES: Certainly.

8 MR. ROY HART: Thank you.

9

10 (BRIEF PAUSE)

11

12 MR. ROY HART: Okay. Thank you.

13 MR. TODD ANDRES: Ms. Dweh, could you
14 please turn to page 17 of the Gartner report. Thank
15 you for that.

16 And you'll agree that this slide
17 presents the historical trend of IT spending and
18 maturity levels, correct?

19 MR. SHAWN CAMPBELL: Yes, that is
20 correct.

21 MR. TODD ANDRES: And so, the blue
22 columns represent Gartner's maturity scores for MPI
23 for each fiscal year, correct?

24 MR. SHAWN CAMPBELL: Yes, that is
25 correct.

1 MR. TODD ANDRES: Thank you. And the
2 gray line shows IT spend as a percentage of operating
3 expenses excluding NOVA, correct?

4 MR. SHAWN CAMPBELL: That is correct.

5 MR. TODD ANDRES: And then the blue
6 line shows IT spend as a percentage of operating
7 expenses, including NOVA, correct?

8 MR. SHAWN CAMPBELL: Yes, correct.

9 MR. TODD ANDRES: Thank you. And
10 you'll confirm that in each year where Project NOVA
11 expenditures were included, the aggregate IT spend, so
12 that would be combining the blue and the gray lines
13 together as a percentage of operating expenses,
14 increased?

15 MR. SHAWN CAMPBELL: It was higher
16 than without the NOVA components in there. It's on
17 the first -- so, in 2021 and 2022 you see an increase,
18 but then in '22/'23 you see a decrease.

19 MR. TODD ANDRES: But you'll agree
20 that if you were to combine those two (2) lines into
21 one as of 2020/'21 -- so in other words, the gray and
22 the blue line, total those together, it would be an
23 upward trajectory, correct?

24 MR. SHAWN CAMPBELL: It would be
25 higher than the gray line preceding it. So, for

1 clarity, the blue line is the aggregate score. And
2 the gray line is just the score without the NOVA
3 expenses included, so you don't actually add the two
4 (2) percentages together.

5 MR. TODD ANDRES: Thank you for that.
6 And you'll confirm that modernization of IT systems
7 remains a strategic priority for MPI, correct?

8 MR. SHAWN CAMPBELL: Yes, That is
9 correct. Yeah.

10 MR. TODD ANDRES: And MPI would agree
11 that Project NOVA represented the largest single
12 allocation of IT time and effort in fiscal year,
13 2024/'25?

14

15 (BRIEF PAUSE)

16

17 MR. SHAWN CAMPBELL: Shawn Campbell
18 speaking. So, in '24/'25, NOVA represented the
19 largest project that we undertook. That's when we
20 were focusing on the R3 discovery. And we had a spend
21 of around \$17 million in that year.

22 MR. TODD ANDRES: Thank you for that.
23 And so, looking forward, does MPI anticipate that IT
24 spend as a percentage of operating expenses will align
25 more closely with the post NOVA, so the gray line, or

1 the NOVA inclusive, blue line trend, and why?

2 MR. ROY HART: Roy Hart speaking.

3 So, we have moved from the monolithic, if you will,
4 characterization of the NOVA program to multiple
5 smaller major programs, and small projects as well.

6 So, in the future, I would expect it to
7 be -- or we would expect it to be somewhere in the
8 neighborhood of the 6.3, but we don't have that to
9 share at this point. This is -- this is something
10 that we're working through, as we spoke about earlier.

11 MR. TODD ANDRES: Thank you. So, I'm
12 now turning to a discussion about Project NOVA and the
13 closure of Project NOVA.

14 Ms. Dweh, if you could please pull up
15 Exhibit 21, Project NOVA Closeout Report. And this is
16 the redacted public version. Thank you for that, Ms.
17 Dweh. And if we could scroll forward to page 12,
18 please.

19 And so, what I see here is a timeline.
20 And just to confirm, this timeline summarizes the --
21 it appears to be, I guess, seven (7) or so year
22 history of Project Nova, correct?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: Thank you. And
25 you'll confirm that before 2019, there was the Legacy

1 Systems Assessment Initiative, correct?

2 MR. GARY DESSLER: Yes. Gary -- Gary
3 Dessler speaking. The assessment was the Legacy
4 Systems Modernization Assessment. This is where we
5 made the -- the case for change and we kicked off the
6 initial planning for what eventually would become
7 Project NOVA.

8 MR. TODD ANDRES: Thank you for that.
9 And that was pre-2019, correct?

10 MR. GARY DESSLER: I think we -- yes.

11 MR. TODD ANDRES: Before 2019. Thank
12 you.

13 MR. GARY DESSLER: Yes.

14 MR. TODD ANDRES: And so, systems
15 modernization has been discussed and considered as a
16 part of MPI's it strategy for about eight (8) years,
17 correct?

18 MR. GARY DESSLER: Gary here. Yes.
19 Even longer before that, right, because we were, you
20 know, planning. Like, we started -- the Legacy
21 Systems Modernization Assessment would have started a
22 year before, you know, because that was a whole year
23 project.

24 So, prior to 2018, we were also
25 thinking about what the future would be for AOL and

1 IWS and DLS and all the different systems that we
2 have. So, that just didn't appear in the one (1)
3 year. That was planned and talked about for many
4 years prior to that.

5 MR. TODD ANDRES: Thank you, Mr.
6 Dessler.

7 MR. ROY HART: Roy Hart speaking.

8 MR. TODD ANDRES: Yeah.

9 MR. ROY HART: If I might add to
10 Gary's comment. So, considering that we have some one
11 hundred and sixty (160) critical applications inside
12 the Corporation, I -- I would expect it to be a
13 regular recurring conversation for MPI around system
14 modernization as a -- as a normal course of business.

15 And I think it's also reflective in
16 past history and will be reflective in -- in our
17 future. When we look at things like the creation of a
18 rolling -- emphasis on the word 'rolling' -- five (5)
19 year roadmap, we're acknowledging that we do need to
20 talk about this on a regular recurring basis and plan
21 for it accordingly.

22 MR. TODD ANDRES: Thank you for that.
23 And earlier in the report, and I don't -- it's not a
24 secret, MPI has said that Project NOVA was closed on
25 June 30th, 2025.

1 And just so I can understand the
2 meaning of the word 'closed' as it relates to the
3 sentence, is it fair to say that this means that no
4 additional internal/external resources are allocated
5 to or actively working on tasks under the original
6 Project NOVA scope, and then secondly, no additional
7 financial resources are being expended on the
8 initiative?

9 MR. ROY HART: So, when we say
10 'closed' for the NOVA project, we mean the NOVA as a
11 program was -- was ended and no additional expenses
12 being booked to the NOVA program.

13 I will call out, and -- and we've
14 called it out in our presentation, that there was a
15 small piece of work with respect to the MyMPI portal
16 and the IRP on-line, that we did move into a mutual
17 program. That -- you -- that is a derivative from the
18 release 2 of the NOVA program. So, other than that,
19 yes, that's correct.

20 MR. TODD ANDRES: Thank you for that
21 clarification. Ms. Dweh, if you could please just
22 jump back to page 3, please. And if we scroll down
23 just a little bit, please. Right. It's that
24 financial context life to date paragraph. I believe
25 is the bottom paragraph on the page.

1 So MPI has indicated that the final
2 life to date implementation cost of project NOVA is
3 reported to have been 167.9 million, correct?

4 MR. ROY HART: Yes.

5 MR. TODD ANDRES: And of this total,
6 117.8 million was capitalized?

7 MR. ROY HART: Yes.

8 MR. TODD ANDRES: 50.1 million was
9 expensed.

10 MR. ROY HART: Yes.

11 MR. TODD ANDRES: Sixty-five million
12 was identified as ongoing expenses, inclusive of
13 licensing and support costs, correct?

14 MR. ROY HART: Yes.

15 MR. TODD ANDRES: And then \$60.8
16 million impairment has been recorded, correct?

17 MR. ROY HART: Yes.

18 MR. TODD ANDRES: Thank you. Ms.
19 Dweh, if you could please pull up MPI Exhibit 28,
20 which is the pre-ask document. And I'm looking for
21 PUB pre-ask number 2. It's probably more than halfway
22 through the document. That's the one. Thank you for
23 that. And if we scroll down to the table that's on
24 the next page -- that's the one. Thank you.

25 And this table summarizes the average

1 program NOVA cost per Basic policyholder, correct?

2 MR. ROY HART: Yes.

3 MR. TODD ANDRES: And line 9 notes:

4 "The average program NOVA expense
5 cost to policyholder life to date
6 is fifty-one dollars (\$51)."

7 Correct? And that's -- oh, sorry.

8 We're -- we need to keep going down. I apologize. I
9 had us on the wrong schedule. Keep going down to page
10 7, please, Ms. Dweh. There it is. This is the chart
11 that I was looking at. It's Figure 4 in response to
12 number 4, page 7 in the document.

13 This one here is the average program
14 NOVA cost per policyholder. And if you'll see there
15 under line 9, it says:

16 "Average program NOVA expense cost
17 per policyholder life to date to
18 June 30th, 2025, is fifty-one
19 dollars (\$51)."

20 You see that?

21 MS. SABRINA KAUK: Sabrina Kauk.

22 Correct that it's fifty-one dollars (\$51). However, I
23 wanted to correct it's not the cost per policyholder
24 in the sense that these costs were not charged to
25 policyholders. This was illustrative for the IR

1 purpose.

2 MR. TODD ANDRES: Thank you for that.

3 And if we can go back to page 3 of the NOVA closeout

4 reports. That's Exhibit 21. Thank you, Ms. Dweh. If

5 you can scroll back up. Right. In the second

6 paragraph, it says:

7 "Over the life of the program, MPI
8 delivered foundational
9 capabilities and other important
10 operational learning."

11 You see that?

12 MR. ROY HART: Yes.

13 MR. TODD ANDRES: And it says that
14 those related to Release 2 -- or I believe that those
15 are related to Release 2, which was implemented and
16 then Releases 1 and 3, correct?

17 MR. ROY HART: Yes.

18 MR. TODD ANDRES: Thank you. Can MPI
19 elaborate on what is meant by 'foundational work', and
20 specifically which systems, infrastructure, or
21 architectural component from Releases 1 to 3 remain
22 operational or have been integrated?

23 MR. GARY DESSLER: Hi. Gary Dessler
24 here. So, in the Pre-ask number 2, we broke down by
25 release what the different foundational elements were

1 being retained, the value being retained by release.

2 MR. TODD ANDRES: And we are getting
3 to that. So, Ms. Dweh, if you could go back to
4 Exhibit 28, Pre-ask number 2, and it's Response 1 on
5 page 3 of 7 of that pre ask. So just note, within
6 this, just scroll up a few pages. One more. There we
7 are. Okay. Yeah. Sorry. If we can scroll down to
8 the bullets in the paragraph.

9 So, we see here standup of
10 infrastructure for Microsoft Dynamics 365, Power
11 Platform, MuleSoft, and Duck Creek. And so those have
12 been stood up within Release 1, correct?

13 MR. GARY DESSLER: That's correct.

14 MR. TODD ANDRES: Thank you. And
15 those are foundational, correct?

16 MR. GARY DESSLER: Yeah. Gary
17 speaking. Yes. They're foundational because we felt
18 they are being used more than just that one release.
19 So, they're used in future Releases and they're used
20 in other non-NOVA projects as well.

21 MR. TODD ANDRES: And these are
22 capitalized under Release 1, correct?

23 MS. SABRINA KAUK: Sabrina Kauk. So,
24 the capital -- there's a capitalized portion as well
25 as expense portion. And in Figure 1, you can see the

1 capitalized portion for R-1 at March 31st is 5
2 million.

3 MR. TODD ANDRES: Certainly. Thank
4 you for that. And further down in that same section,
5 MPI notes that the SRE implementation related to
6 Release 1 was classified as impaired, correct? Sorry,
7 it's the next page. Pardon me, Ms. Dweh. So, under
8 assets written off.

9 MR. GARY DESSLER: Yeah. Gary here.
10 Yes, that's correct.

11 MR. TODD ANDRES: And MPI also
12 indicates, as I think Ms. Kauk was alluding to ,that
13 capitalizable work, including Duck Creek
14 implementation and associated system integration, was
15 written off as a part of that impairment, correct?

16 MR. GARY DESSLER: Correct.

17 MR. TODD ANDRES: Thank you. And due
18 to this impairment, MPI has accumulated some technical
19 debt that will need to be resolved, correct?

20 MR. GARY DESSLER: That's correct.

21 MR. TODD ANDRES: Thank you. Thank
22 you. Ms. Dweh, if you could scroll back up to the
23 page before, please. And I'm looking at the Figure 1
24 on page 3 of 7. That's the one. Thank you.

25 And so, you'll agree that the reported

1 total deferred costs for Release 1 is \$48.6 million,
2 correct?

3 MR. GARY DESSLER: That's correct.

4 MR. TODD ANDRES: And after impairment
5 and write-off, the remaining Net Book Value was \$5.1
6 million, correct?

7 MR. GARY DESSLER: Gary here. That's
8 correct.

9 MR. TODD ANDRES: Thank you. And the
10 efforts and expenditure rolling into the \$5.1 million
11 NBV or Net Book Value were considered usable for
12 Release 2, correct?

13 MR. GARY DESSLER: Gary here. Yes.
14 Release 2 and other, you know, corporate initiatives.

15 MR. TODD ANDRES: And you'll confirm
16 that, due to the impairment of the SRE solution, MPI
17 has initiated a new initiative under major programs to
18 implement a new SRE solution, correct?

19 MR. GARY DESSLER: Yeah. Gary here.
20 So yeah. That SRE remediation is going through a
21 planning and assessment phase to figure out what that
22 next solution would look like.

23 So, I think we -- we don't know what
24 that end state's going to look like yet. That project
25 has to complete first.

1 MR. TODD ANDRES: Thank you for that.
2 Ms. Dweh, if you could scroll down again to the next
3 page, please, and underneath the heading 'Release 2'.
4 There we are.

5 And here, MPI notes the standing up of
6 infrastructure for the Celtic Environment and the
7 implementation of additional software assets apart of
8 that -- as a part of that release, correct?

9 MR. GARY DESSLER: That was the value
10 coming out of Release 2.

11 MR. TODD ANDRES: Yes.

12 MR. GARY DESSLER: Yes.

13 MR. TODD ANDRES: Thank you. Sorry,
14 Ms. Dweh. If you could scroll down to the next page,
15 please. And you'll see it right there under 'Assets
16 Written Off'. It says:

17 "In Release 2, there was no
18 software impairment. The solution
19 is being maintained and extended."

20 Correct?

21 MR. GARY DESSLER: That's correct.

22 MR. TODD ANDRES: Thank you. Now, if
23 we scroll back up to Figure 1 on page 3 of 7, please,
24 Ms. Dweh. There we are. That's the one.

25 Now, if we look at Release 2 -- this is

1 the second column -- there's a line that says,
2 'Impairment write-down'. You'll see that there's a
3 \$19.2 million impairment recorded associated with
4 Release 2, correct?

5 MR. GARY DESSLER: Yeah. Gary here.
6 Correct.

7 MR. TODD ANDRES: So, what portion of
8 Release 2 costs does this \$19.1 million impairment
9 represent?

10 MR. GARY DESSLER: Just a sec.

11

12 (BRIEF PAUSE)

13

14 MR. ANTHONY GUERRA: Counsel, just by
15 way of clarification, there's going to be a
16 confidential component to this response. So, we'll
17 provide the non-confidential component and then --

18 MR. TODD ANDRES: Thank you, Mr.
19 Guerra. We'll make a note of that.

20 MR. ANTHONY GUERRA: So, Mr. Dessler,
21 you can provide the non-confidential response.

22 MS. SABRINA KAUK: Sabrina Kauk.
23 Thank you. Yeah. A portion of those costs is related
24 to the accounting error that we laid out within the
25 impairment memo itself.

1

2 CONTINUED BY MR. TODD ANDRES:

3 MR. TODD ANDRES: Thank you for that.

4 Okay, Ms. Dweh. And if we could scroll back down to
5 page 5 of 7 within this document. There we are, under
6 Release 3.

7 And you'll confirm that the work
8 associated with Release 3 was primarily discovery
9 focused and involved planning and analysis activity
10 and that no development or tactical implementation
11 work actually began, correct?

12 MR. GARY DESSLER: Gary here. That's
13 correct.

14 MR. TODD ANDRES: Thank you. Now
15 again, I apologize to this, Ms. Dweh, but if you can
16 jump back up to Figure 1 on page 3 again, please.
17 There we are.

18 MPI reports an impairment or write-down
19 of \$2.3 million associated with Release 3, correct?

20 MS. SABRINA KAUK: Sabrina Kauk. A
21 portion of that is also attributable to the accounting
22 error laid out in the memo, and the other portion will
23 be discussed and as counsel indicated.

24 MR. TODD ANDRES: Thank you, Ms. Kauk.

25

1 (BRIEF PAUSE)

2

3 MR. TODD ANDRES: And now, Ms. Dweh,
4 if you could bring up page 37 of this same document,
5 please. Oh, pardon me. Sorry. This should be
6 Exhibit 21, Project NOVA Closure Report. My
7 apologies. The tab immediately to the left. There we
8 are. Thank you. So, it's page 37 is the one I'm
9 looking for. That's the one. Thank you, Ms. Dweh.

10 And this outlines Project NOVA life-to-
11 date costs, correct?

12 MS. SABRINA KAUK: Sabrina Kauk.
13 Correct.

14 MR. TODD ANDRES: Thank you. And it
15 includes deferred development and period expenditures,
16 total expenditures, and ongoing costs among others,
17 yes.

18 MS. SABRINA KAUK: That's correct.

19 MR. TODD ANDRES: Thank you. And can
20 you summarize what is included in ongoing costs?

21 MS. SABRINA KAUK: Ongoing costs
22 represents predominantly licensing and support costs.

23 MR. TODD ANDRES: And you'll agree
24 that these ongoing costs arise as a result of the
25 decisions and contractual commitments made during the

1 development and implementation of Releases 1 and 2?

2 MS. SABRINA KAUK: That's correct.

3 MR. TODD ANDRES: Thank you. So
4 therefore, even though Project NOVA has been
5 administratively closed, MPI incurs -- pardon me --
6 continues to incur and pay costs that originated under
7 Project NOVA's implementation, correct?

8 MR. ROY HART: Counsel, could you
9 state the question again, please?

10 MR. TODD ANDRES: I can.

11 MR. ROY HART: Sorry.

12 MR. TODD ANDRES: So, in other words,
13 Project -- even though Project NOVA has been
14 administratively closed, MPI continues to incur and
15 pay costs that originated under Project NOVA's
16 implementation, managing technical debt due to
17 essentially a fully impaired SRE implementation and
18 further implementation decisions, correct?

19 MR. ROY HART: Yes. Roy Hart
20 speaking.

21 MR. TODD ANDRES: And so those are the
22 ongoing cost, correct?

23 MR. ROY HART: Yes. Roy Hart
24 speaking.

25 MR. TODD ANDRES: Thank you. And

1 expenditures will -- these expenditures will be in
2 effect for multiple future fiscal years as MPI
3 continues to modernize its IT systems, correct?

4

5

(BRIEF PAUSE)

6

7

MR. ROY HART: We do have ongoing
8 contractual obligations, yes.

9

MR. TODD ANDRES: Thank you, Mr. Hart.

10

Now, Ms. Dweh, if we can skip forward
11 to -- it's Part 4 of the GRA, the IT section -- and by
12 4, of course, I meant 6 -- the IT section, page 48 of
13 51, please. Thank you for that.

14

If we look at the last paragraph on
15 this page, and -- and I don't -- I'm not going to
16 review the thing, the entire paragraph with you, but
17 you'll agree that it notes the importance of and
18 continued focus on replacing Legacy systems originally
19 target under Project NOVA, correct?

20

MR. ROY HART: Roy Hart. Yes.

21

MR. TODD ANDRES: Thank you. And if
22 we turn to the next page, the top paragraph there.

23

And again, I'm paraphrasing, but just
24 correct me if I'm not doing so accurately. MPI says
25 essentially that this modernization journey that it's

1 embarking on will be incorporated into the five (5)
2 year rolling IT roadmap, correct?

3 MR. ROY HART: Yes, that's correct.

4 MR. TODD ANDRES: And now if we jump
5 to PUB/MPI-1-105, Response A, please.

6

7 (BRIEF PAUSE)

8

9 MR. TODD ANDRES: Thank you, Ms. Dweh.

10 So, the paragraph on page 2 -- or, pardon me, the
11 table on page 2 of 3 is what I'm interested in. So
12 maybe we can zoom out a little bit, please.

13 And you'll agree with me that this
14 table contains what categorizes IT areas of focus and
15 the mapped work category, and the categorizations
16 include renewal and maintenance and strategic,
17 correct?

18 MR. ROY HART: Yes.

19 MR. TODD ANDRES: Thank you. And we
20 also see in this table for the 2025/'26 fiscal year,
21 the majority of areas of focus are classified as
22 renewal and maintenance, correct?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: Thank you. And
25 you'll agree that modernization falls under renewals

1 and maintenance, correct? I can take you to a
2 reference if you wish. It's in response to question
3 B.

4 MR. ROY HART: Yes.

5 MR. TODD ANDRES: Yes. you'd like to
6 see the reference?

7 MR. ROY HART: Yes, please.

8 MR. TODD ANDRES: Okay. So, Ms. Dweh,
9 if you can scroll back up to the question in the IR,
10 so question B:

11 "Please indicate the -- which area
12 of focus does modernization fall
13 under and provide the rationale."

14 So now if we can scroll down another
15 page, please. So 'B': "Modernization falls under
16 renewal and maintenance."

17 MR. ROY HART: Yes.

18 MR. TODD ANDRES: Thank you. And so,
19 can you explain why it would be renewal and
20 maintenance rather than strategic?

21 MR. SHAWN CAMPBELL: Shawn Campbell
22 responding. So modern -- modernization effort in
23 itself, when you talk about a technology view, is
24 dealing with the technology risks that are incumbent
25 on the -- the software or technology that you're

1 focusing on.

2 You could interpret also the question,
3 Am I modernizing a line of business? -- in which case
4 that would be a strategic ask.

5 The ask out of the PUB was assumed to
6 be talking more about the applications and the
7 technology underneath. And so, the modernization
8 response was focused on the software, and so therefore
9 it's a renewal and maintenance activity.

10 MR. TODD ANDRES: Thank you for that.

11 Ms. Dweh, if you could pull up Part 6,
12 IT Appendix V. And that's the five (5) year rolling
13 IT roadmap. Appendix 5. So, if we scroll forward to
14 page 4 of this document, please.

15 And starting on this page, the first
16 paragraph, it says:

17 "Over the next five (5) years, MPI
18 will replace one hundred and
19 twenty-six (126) application
20 components to meet contractual
21 requirements, ensuring continuity
22 compliance and alignment with the
23 organization's evolving technology
24 strategy."

25 You see that?

1 MR. SHAWN CAMPBELL: Shawn Campbell
2 responding. Yes.

3 MR. TODD ANDRES: Thank you. And can
4 you define what MPI means by the term 'application
5 component'?

6 MR. SHAWN CAMPBELL: So, application
7 components can consist of either a core application or
8 of supporting functionality, such as integrations or
9 clean-up functionality that is needed for a database
10 management, et cetera. So, all of those comprise of
11 an ecosystem to manage the software.

12 MR. TODD ANDRES: And then just to
13 confirm, replacing these one hundred and twenty-six
14 (126) application components is encompassed within
15 MPI's broaden -- or broader modernization strategy.

16 Correct?

17 MR. SHAWN CAMPBELL: It is encompassed
18 within the overall Technology Roadmap. As we take a
19 look at these various components, which ones do we
20 need to replace due to contractual obligations which
21 ones do we need to replace due to security
22 obligations? And are there mechanisms that we can
23 address these issues by either doing upgrades or do we
24 have to do a straight-out product removal and replace?

25 MR. TODD ANDRES: Thank you for that.

1 And I can take you to a reference, if you wish, but
2 you'll agree that the additional budget and time
3 required to complete Project NOVA was revised from 290
4 million from the 2025 GRA, including contingency to
5 over 435 million and extending the project timeline
6 considerably. Correct?

7 MR. GARY DESSLER: Gary here. Yes,
8 that's correct.

9 MR. TODD ANDRES: Thank you, Mr.
10 Dessler. And using the \$168 million as incurred
11 implementation costs for Project NOVA and the \$435
12 million R3 Discovery estimate, that difference is
13 about 267 million. Correct? Subject to check.

14 MR. GARY DESSLER: Subject to check,
15 sure.

16 MR. TODD ANDRES: Thank you. So, does
17 MPI believe the modernization required for R-3 would
18 be less than the \$267 million estimated difference?

19

20 (BRIEF PAUSE)

21

22 MR. GARY DESSLER: Yes, Gary speaking.
23 So, I would -- I would not characterize the work ahead
24 of us that way.

25 So, we -- we are not going to take the

1 NOVA original plan and just chunk that into smaller
2 components and, you know, look at those costs.

3 What we need to do is, we need to look
4 at our approach. We have to develop a new strategy.
5 We have to look at all the other work that's going
6 into the IT Roadmap.

7 So, it's not comparable to just take
8 the delta and say, well, that's what our budget is for
9 modernization.

10

11 (BRIEF PAUSE)

12

13 MR. TODD ANDRES: So, I guess, as a
14 follow up to that, will the IT Roadmap contain pieces
15 addressing each of the components previously contained
16 in R-3 and R-4.

17 MR. GARY DESSLER: Gary here. Yes, I
18 mean, we have to modernize that technology. But how
19 we go about it, we'll have to revisit that and
20 determine what the right approach is.

21 And that's why I say I can't -- we
22 can't rely on that cost and say it's going to be
23 higher or lower. We -- we don't know, right, because
24 that took a whole bunch of NOVA assumptions that we
25 know we'd -- aren't true anymore.

1 MR. ROY HART: So, Roy Hart speaking.

2 I wanted to add a little bit to that.

3 So, it -- it will show up in -- in
4 our Roadmap. It may not show up in the next iteration
5 of the 5-year Roadmap, because we may identify that
6 due to our technology risk assessment work, that it
7 may need to be a little bit later. We need to do it
8 based on our capacity as an organization and factor
9 all of those things in.

10 In another session, we're going to
11 speak to some of the matters that we need to deal with
12 beforehand. But right now, today, we're looking at it
13 from the perspective of which contracts are expiring
14 from a -- a current software perspective, which ones
15 present immediate risk in that regard and then
16 aligning those in the Roadmap.

17 This software that we're talking about
18 here is largely owned and developed by the Corporation
19 in-house. So, we -- we don't have as many contractual
20 related restrictions in that regard, but we do have
21 restrictions in terms of platform viability and -- and
22 those sorts of matters, if -- if that helps.

23 MR. TODD ANDRES: That does. Thank
24 you. Ms. Dweh, if you can turn to Exhibit 21, this is
25 the Project NOVA Close-out Report. I'm looking at

1 page 7, in particular. And now if you -- now I think
2 we can fit them all. There we are.

3 So, under the heading 'The Path
4 Forward', there are five (5) elements of its Path
5 Forward strategy. Correct?

6 MR. ROY HART: Yes.

7 MR. TODD ANDRES: And these are used
8 to shape and manage future modernization delivery.
9 Correct?

10 MR. ROY HART: Yes, it's used to shape
11 and manage our technology strategy overall.

12 MR. TODD ANDRES: Thank you. And
13 these include annual planning and budgeting. Correct?

14 MR. ROY HART: Yes.

15 MR. TODD ANDRES: Holistic
16 Modernization?

17 MR. ROY HART: Yes.

18 MR. TODD ANDRES: Customer Centric
19 Design?

20 MR. ROY HART: Yes.

21 MR. TODD ANDRES: Cybersecurity and
22 Resilience?

23 MR. ROY HART: Yes.

24 MR. TODD ANDRES: And Transparent
25 Governance? Yes.

1 MR. ROY HART: Yes. And those are all
2 the things that I believe I just alluded to and we
3 spoke about earlier today as well.

4 MR. TODD ANDRES: Thank you. And
5 you'll agree that several -- several of these
6 strategic themes appear to be consistent with those
7 previously cited under Project NOVA governance.

8 Correct?

9 MR. ROY HART: Sorry, I couldn't quite
10 hear you.

11 MR. TODD ANDRES: Certainly, I'll
12 speak into the microphone more clearly.

13 Several of these strategic themes
14 appear to be consistent with those used in the Project
15 NOVA -- under Project NOVA. Correct?

16 MR. ROY HART: So, you know, from a --
17 these are kind of the big picture view that should be
18 applied on projects.

19 When we look at something like NOVA, we
20 need to look at how they were applied not just the --
21 simply the label of what was intended to be applied.
22 And so, they still apply and I think would apply to
23 the majority of organizations that are building a
24 technology strategy.

25

1 (BRIEF PAUSE)

2

3 MR. TODD ANDRES: So earlier in this
4 proceeding, MPI had stated that the major program's
5 framework is a governance model designed to deliver
6 modernization. Correct?

7 MR. ROY HART: The framework, yes,
8 that's part of it. It's also about how we make
9 decisions. Yes.

10 MR. TODD ANDRES: Thank you for that.
11 And you'll agree that the fiscal year, 2025/'26
12 represents the full -- first full fiscal year in which
13 major program structure has been in effect. Correct?
14 Or we'll say operationalized.

15 MR. ROY HART: Yes, that's fair.

16 MR. TODD ANDRES: Thank you. And
17 given that role, the role of the major program's
18 framework, does MPI anticipate that all modern --
19 modernization activities will typically have a total
20 value of \$3 million or more, thereby falling within
21 the major program structure?

22 MR. ROY HART: That's determined on a
23 project-by-project basis, so not necessarily. For the
24 bigger items, yes, they would. But we have to
25 modernize, as Mr. Campbell mentioned, other smaller

1 components as well. So, no.

2 MR. TODD ANDRES: Just to confirm, the
3 \$3 million threshold level was selected because it
4 represents the starting level requiring MPI Board
5 approval. Correct?

6 MR. ROY HART: Yes. That was one of
7 the considerations, yes.

8 MR. TODD ANDRES: And what were the
9 others?

10 MR. ROY HART: You know, what's a
11 reasonable level of accountability to apply? And we
12 felt that using the -- the signing authority and
13 approval authority level was the right level. So, we
14 did not overwhelm smaller projects with excessive
15 governance. So, it was a combination: governance,
16 impacts and awareness at the Board level.

17 MR. TODD ANDRES: And so, is it the
18 case that there may be aggregated projects that fall
19 within a single, I guess, major program that would be
20 worth \$3 million?

21 MR. ROY HART: Yes, that's possible.
22 And we -- we spoke to that earlier in our presentation
23 in terms of when we see a series of projects that come
24 together, that maybe, independently, are less than
25 that threshold, but in aggregate are more than that

1 threshold; or are strategically important enough that
2 it's decided that it should be reported at the Board
3 level, and managed as a major program. So, we -- we
4 outlined several criteria for that earlier.

5 MR. TODD ANDRES: And so, who makes
6 that decision ultimately?

7 MR. ROY HART: Ultimately that
8 decision would be a decision made by executive
9 committee.

10 MR. TODD ANDRES: MPI has noted that
11 Net Present Value is not the primary decision-making
12 factor for evaluating or approving major programs.

13 Correct?

14 MR. ROY HART: Yes.

15 MR. TODD ANDRES: Ms. Dweh, could you
16 please pull up figure 1 of CC/MPI-2-12 please. And if
17 you can scroll down to figure 1, please. Thank you.

18 And you'll agree with me that each of
19 these projects listed here, we have the MPI
20 foundation, SRE remediation, ERP replacement and BI-3
21 upgrade, they all have negative NPVs. Correct?

22 MR. ROY HART: Yes.

23 MR. TODD ANDRES: And I -- I know that
24 we did hear a bit of an explanation in this GRA, but
25 I'm wondering if you can provide some further light on

1 the record here, as to why MPI chooses to proceed with
2 major program investments that present negative NPVs,
3 and what alternative decision criteria are prioritized
4 as opposed to NPVs.

5 MR. ROY HART: I am going to ask Ms.
6 Kauk to speak to the NPV side of it, and it being
7 used. Then I'll follow up with a commentary on the
8 use of NPV for IT related projects. If that suits
9 Counsel?

10 MR. TODD ANDRES: Certainly, and I --
11 I'm also looking at what alternative decision-making
12 criteria are used as opposed to NPV.

13 MR. ROY HART: Okay.

14 MS. SABRINA KAUK: Sabrina Kauk. So,
15 I think we've articulated in the first part of this
16 response, but I'll reiterate it for context of the
17 room.

18 So Net Present Value, which is part of
19 a discounted cashflow calculation where we look at
20 potential revenue from a project, or savings that are
21 expected to occur in costs, we accumulate all those
22 cash flows, and we discount them to present time.

23 This IR represents that all of the
24 current project work has a negative Net Present Value
25 in that calculation.

1 That would not be unexpected because
2 the work laid out within is not meant to generate
3 revenues for MPI. As a company, we have considerable
4 security and operational risk. Many of our systems
5 are end-of-life.

6 And so, the work that we're doing takes
7 into account all of those factors, and NPV is not the
8 main decision-making factor for us. And I'll let Roy
9 continue before ...

10 MR. ROY HART: So, you know, this --
11 the question of NPV comes up every year, and I
12 understand why the question of NPV comes up. I want
13 to highlight, for the benefit of the Board, some of
14 the issues with NPV that show up. Ms. Kauk mentioned
15 some of it.

16 First off, difficulty in quantifying
17 intangible benefits. So, when we replace a Legacy
18 system, there are non-financial benefits, like
19 improved security, compliance, scalability, user
20 experience, and so forth. Those are not monetized and
21 captured in NPV.

22 Uncertainty and cost and benefit
23 estimates. So, we do estimates, but migration costs
24 can escalate due to data conversion, integration
25 training and so forth. And so, benefits like

1 efficiency gains, reduce downtime, they're speculative
2 as part of NPV. Makes it -- makes NPV calculations a
3 little less reliable as a result.

4 The long-term strategic value is often
5 ignored in NPV calculations as focused on short to
6 medium term financial returns, as Ms. Kauk mentioned.
7 But replacing Legacy systems is sometimes a necessary
8 strategic move to make for regulatory compliance
9 purposes or for -- for future digital transformation
10 for enabling new services. Those drivers may not show
11 up in an NPV calculation.

12 Risk and flexibility, it's also not
13 captured in an NPV calculation. Ms. Kauk mentioned
14 operational risk. Those are real risks that are not
15 captured in NPV and the -- the value of future
16 upgrades are -- enabled by the new system is not
17 captured.

18 So real option analysis or risk
19 adjusted metrics might be better. There are -- there
20 are some other options.

21 There is a significant bias towards
22 status quo when we do NPV calculations. So, Legacy
23 systems have stunk -- sunk costs and low ongoing
24 expenses. That's the reality. NPV may fever --
25 favour keeping those old systems, because incremental

1 benefits of replacement seem small compared to the
2 upfront costs. This is a consequence of NPV
3 perspective. And, of course -- and I'm not an expert
4 in discount rates. I'm not going to pretend to be
5 one, but the choice of discount rate can have a
6 signifi -- drastic impact on NPV.

7 So, I'll just leave that there for the
8 Board for consideration when we talk about NPV, that
9 it's one measure to be used, but we need to address
10 all those other concerns as well with other
11 perspectives. Thank you.

12 MR. TODD ANDRES: Thank you, Mr. Hart.
13 Ms. Dweh, could you please pull up PUB/MPI-1-91 or --
14 pardon me, 1-95. And we're looking at figure IT-11-4
15 clean. Thank you, Ms. Dweh. Can you scroll down just
16 a little bit more, please, Ms. Dweh. There it is,
17 thank you.

18

19 (BRIEF PAUSE)

20

21 MR. TODD ANDRES: MPI forecast a flat,
22 internal IT FTE count of three hundred and one point
23 five (301.5) through fiscal year '27/'28 and a
24 reduction in consultant use. Correct?

25 MR. ROY HART: Yes.

1 MR. TODD ANDRES: Thank you. And at
2 the same time, MPI has acknowledged ongoing risks
3 related to retention and Scully ups.

4 Correct?

5 MR. ROY HART: Yes.

6 MR. TODD ANDRES: Thank you. And so
7 further on the page, if we just scroll down to the
8 next figure, which is figure IT Appendix 11-5.

9 MPI provides a forecast of consultants,
10 correct?

11 MR. ROY HART: Yes.

12 MR. TODD ANDRES: And it shows a
13 significant reduction is forecast in the 2026 GRA when
14 compared to the 2025 forecast for fiscal year,
15 2025/'26 and beyond. Correct?

16 MR. ROY HART: Yes.

17 MR. TODD ANDRES: Thank you. And
18 you'll agree with me that a significant part of the
19 business case identified in the original Legacy
20 cisterns modernization, and subsequently in Project
21 NOVA was anticipated reduction in staffing costs
22 associated with maintaining Legacy systems?

23 MR. ROY HART: Yes. That was part of
24 the original business case.

25 MR. TODD ANDRES: Thank you. And

1 given the premature closing of Project NOVA, is it
2 fair to say that objective has not been realized?

3 MR. ROY HART: Yes, and I will -- I
4 will -- Counsellor, I will point out that -- or Board,
5 I'll point out, that the eighty (80) number was a
6 ceiling number set, not a true measure.

7 MR. TODD ANDRES: Given our discussion
8 today about capacity, is it fair to say that MPI has
9 decided not to expand capacity by debt, but to work
10 within its current capacity -- or operational and
11 financial capacity?

12

13 (BRIEF PAUSE)

14

15 MR. ROY HART: Could you restate the
16 question, please?

17 MR. TODD ANDRES: Certainly, and I
18 wasn't attempting to be tricky. In fact, I can take
19 you to a reference. Ms. Dweh, if you could please
20 pull up Part 10, EXP Appendix 29, page 9. And it's
21 item number 15.

22 So, it says:

23 "MPI is considered borrowing funds
24 to pay for modernization, but does
25 not see the benefit of doing so

1 currently. Any debt incurred would
2 have to be repaid in the future,
3 and the cost of borrowing only adds
4 to the operating expense cost and
5 the overall cost of modernization."

6 So that's what I was getting at with
7 the question.

8 MR. ROY HART: Okay.

9 MR. TODD ANDRES: So, the question was
10 --

11 MR. ROY HART: Please restate the
12 question, please.

13 MR. TODD ANDRES: Certainly. So,
14 given our earlier discussion today about capacity, is
15 it fair to say that MPI has decided not to expand
16 capacity by debt, but to work within its current
17 operational capacity?

18 MR. ROY HART: So, the first comment
19 I'll make is specific to capacity. When we're talking
20 about internal MPI capacity, our focus is on areas
21 where we cannot bring in additional capacity through
22 the use of contractors where it's not feasible or
23 realistic to do.

24 So, for example, our -- all of our
25 leaders, it's very difficult for us to bring in a

1 consultant to be a leader in the organization. It's
2 very difficult for us to bring in somebody who would
3 be an expert in a very specific part of our line of
4 business.

5 There are areas where we can bring in
6 external resources, and we will do so. For example,
7 we may need, as I mentioned earlier in my testimony, a
8 database expert to do some work, and those areas is
9 where we will bring in additional capacity. I think
10 that this is what you're getting at. And I believe
11 that answers your question.

12 MS. SATVIR JATANA: Maybe just to add
13 to that. I think as we -- what you will see as we're
14 developing this roadmap, we need to be mindful how we
15 address our IT debt. Given who we are, we have to
16 pace our modernization. We have to pace that for our
17 people. We have to pace that for customers, and we
18 definitely have to pace that for our partners that
19 work with.

20 So, anytime we bring a change through a
21 technology, it has a broader impact, not just the two
22 thousand (2000) employees that work at MPI, but the
23 three hundred (300) brokers and the four hundred (400)
24 body shops that support us. So, our change has to be
25 managed both from a people and financial capacity,

1 both internally and externally.

2 And on top of that, we're also mindful
3 that our spend has a direct impact on the rate as
4 well. So, the rate affordability and the rate shock
5 is the top of mind.

6 So, what we are trying to balance both
7 addressing our IT debt with the capacity, capability,
8 and also the speed of change that we can adopt change.
9 You know, I was talking to another similar
10 organization and who perhaps may not have the
11 investment constraint as we do, because affordability
12 is important to us. But even in that situation, you
13 know, that organization is talking about how they have
14 to slow their modernization to ensure that the change
15 -- the speed of change is at a level that their staff
16 and their partners can adopt.

17 So, you know, this is a very difficult
18 kind of a way of -- of responding to your question,
19 but it's -- it's not just about that MPI is short for
20 change, or short for adding additional staff or
21 consultants. The speed of change is very much a real
22 thing. So, we're trying to balance all of that as
23 we're dealing with this IT debt and risk and change.

24 MR. TODD ANDRES: Thank you for that.
25 And so, you'll agree with me, that one of the

1 challenges identified by you just now, Mr. Hart, is,
2 for example, replacing leaders. Correct?

3 MR. ROY HART: Yes.

4 MR. TODD ANDRES: And then another
5 challenge would be replacing subject matter experts.
6 Correct?

7 MR. ROY HART: So, just to make a
8 finer point on that is adding leaders and adding
9 subject matter experts. So, it's not simply replacing
10 them. They're in those roles because they have a
11 full-time job to do. And when we try and assign them
12 to a project or multiple projects, then we -- it
13 results in a resource constraint. And that's
14 specifically what I'm getting at.

15 MR. TODD ANDRES: I see. And so, I
16 guess the question -- my next question is in a bit of
17 a different but related point.

18 So, as it relates to succession
19 planning and retirement-related issues, has MPI
20 identified where those succession gaps exist, or
21 retirement gaps exist, particularly, as it related to
22 things like SMEs, subject matter experts and leaders.

23 MR. ROY HART: So as a Corporation,
24 we've undertaken workforce planning activities, and
25 that is part of -- of conducting that workforce

1 planning exercise, is to do that, to plan for the
2 retirements, to plan for potential change.

3 MR. TODD ANDRES: Thank you for that,
4 Mr. Hart. So, have you identified particular gaps as
5 it relates to subject matter experts, in particular,
6 or IT related subject matter experts?

7 MR. ROY HART: So, I -- I mentioned
8 earlier that we have been looking at our skills, and
9 the skills assessment framework. I don't have the
10 specific details in front of me, but we have
11 identified areas where we have concern.

12 We've identified what training we
13 expect people to take to help close that concern. And
14 we also do things like knowledge transfer, and we have
15 measured processes for knowledge transfer. Knowledge
16 transfer is specifically -- well, typically, when we
17 have consultants doing work that we want to transition
18 to our internal staff and -- and that -- that type of
19 activity. And it's not just IT SMEs, either. It's
20 SMEs in all lines of business fundamentally.

21 MR. TODD ANDRES: Thank you for that
22 answer, Mr. Hart, and thank you very much to the panel
23 for your patience and thoroughness and responses.
24 Those are my questions this morning -- this afternoon.

25 PANEL CHAIRPERSON: Thank you, Mr.

1 Andres.

2 Mr. Klassen, would you like a short
3 break, or do you want to just carry on?

4 MR. CHRIS KLASSEN: I'm in your hands,
5 Madam Chair.

6 PANEL CHAIRPERSON: Well, maybe we'll
7 take the afternoon break now. Perhaps we can limit it
8 to 10 minutes and be back at 20 to 3:00. Thank you.

9

10 --- Upon recessing at 2:30 p.m.

11 --- Upon resuming at 2:42 p.m.

12

13 PANEL CHAIRPERSON: Thank you. Mr.
14 Klassen...?

15 MR. CHRIS KLASSEN: Good afternoon,
16 Madam Chair, members of the Board. Thank you. To the
17 Panel, good afternoon. My name is Chris Klassen. I'm
18 here for the Consumers Coalition. You'll be used to
19 hearing from my co-counsel on this Panel in years
20 past, but I look forward to our discussion this
21 afternoon.

22 For the benefit of the Board, there
23 will be a few times when I'll refer witnesses to some
24 of the same documents that counsel for the Board did,
25 but I assure the Board that when I do, I'll be doing

1 so for a different purpose.

2 And I have been able to reduce my -- my
3 questioning and response to some of the material
4 covered by the Board counsel today, so we'll proceed
5 with -- with that understanding.

6

7 CROSS-EXAMINATION BY MR. CHRIS KLASSEN:

8 MR. CHRIS KLASSEN: And we'll begin
9 with a couple of questions related to IT benchmarking
10 which, Mr. Campbell, I expect you'll be best placed to
11 answer, but, again, questions will be directed to the
12 Panel generally.

13 And Ms. Dweh, we'll begin with IT
14 Attachment A. And we'll start right in the first
15 page. And if it helps, Attachment A will be the
16 Gartner benchmarking report, or at least I'll suggest
17 to Mr. Campbell that that's what it is. And I'll ask
18 him to confirm once it's before him. There we go.

19 Mr. Campbell, you see before you
20 Attachment A to the IT chapter of MPI's GRA --

21 MR. SHAWN CAMPELL: Yes.

22 MR. CHRIS KLASSEN: -- which is
23 Gardner's benchmarking report, the most recent one,
24 correct?

25 MR. SHAWN CAMPBELL: That is correct.

1 MR. CHRIS KLASSEN: And Ms. Dweh, if
2 you could take us to page 5, we'll spend a few minutes
3 on Gartner's process.

4 You'll see on the far left of the page,
5 Mr. Campbell, under the title that Mercer assessed IT
6 spending and staffing as part of its review. And I
7 apologize, I said, "Mercer." I meant Gartner. You
8 catch me coming from the Investments Panel, sir.

9 MR. SHAWN CAMPBELL: Yes, this is
10 Gartner's start to the process.

11 MR. CHRIS KLASSEN: Thanks very much.
12 I'll try not to let that happen again, although I do
13 need to make that correction in my notes.

14 And you'll confirm in order for Gartner
15 to assess MPI's IT spending and staffing, that MPI
16 provided Gartner with information about both of those
17 -- those areas, correct?

18 MR. SHAWN CAMPBELL: Yes, that is
19 correct.

20 MR. CHRIS KLASSEN: And you'll confirm
21 that the next column is titled, "Discovery into the
22 maturity of MPI's IT service management processes"?

23 MR. SHAWN CAMPBELL: Yes, that is
24 correct.

25 MR. CHRIS KLASSEN: And if we look

1 down under the image, you'll confirm that the page
2 discusses IT score surveys, correct?

3 MR. SHAWN CAMPBELL: That is correct.

4 MR. CHRIS KLASSEN: And you'll recall,
5 sir, that earlier this afternoon, Mr. Hart confirmed
6 to My Friend for the Board that Gartner's IT score
7 survey consists of a lengthy series of yes or no
8 questions, correct?

9 MR. SHAWN CAMPBELL: Yes, that is
10 correct.

11 MR. CHRIS KLASSEN: And you'll
12 confirm, sir, that based on what we see before us and
13 your understanding of Gartner's process, Gartner's
14 assessment of MPI's maturity in the various categories
15 is based on MPI's responses to this survey, correct?

16 MR. SHAWN CAMPBELL: Yes, that is
17 correct.

18 MR. CHRIS KLASSEN: Would you
19 characterize it as a self-assessment?

20 MR. SHAWN CAMPBELL: It's a guided
21 self-assessment. So, there is participation that
22 happens from Gartner where if you move to the next
23 part, there's interviews that are conducted where
24 Gartner talks with the leaders that have provided
25 those answers to understand why answers may have

1 changed based on previous years, why answers were
2 given the way that they were given, if there was
3 contradictory answers and clarification, and to also
4 understand from their perspective what were the
5 leaders seeing happening within the organization.

6 This, in turn, Gartner uses to apply to
7 its overall IT score and maturity outcomes.

8 MR. CHRIS KLASSEN: Is it accurate
9 though, sir, that the scores themselves are based on
10 the survey results?

11 MR. SHAWN CAMPBELL: In the end, the
12 survey results result in the ultimate score, yes.

13 MR. CHRIS KLASSEN: Thank you. Ms.
14 Dweh, can you take us to page 34, please?

15 And on this page, Mr. Campbell, you'll
16 confirm that we see maturity with respect to strategy
17 and execution presented?

18 MR. SHAWN CAMPBELL: That is correct.

19 MR. CHRIS KLASSEN: And you'll confirm
20 toward the top of the page in dark blue that this page
21 establishes that MPI's maturity level in this area was
22 scored at 2.38, correct?

23 MR. SHAWN CAMPBELL: Yes, that is
24 correct.

25 MR. CHRIS KLASSEN: And that's

1 compared to peer scores presented in pink and purple
2 immediately below?

3 MR. SHAWN CAMPBELL: That is correct.

4 MR. CHRIS KLASSEN: And last year's
5 maturity in gray at the bottom of that list, correct?

6 MR. SHAWN CAMPBELL: Yes.

7 MR. CHRIS KLASSEN: And last year's
8 maturity was 2.39?

9 MR. SHAWN CAMPBELL: That is correct.

10 MR. CHRIS KLASSEN: And you'll confirm
11 that the graph at the bottom of the page, sir, breaks
12 down the strategy and execution score into, looks like
13 seven components, correct?

14 MR. SHAWN CAMPBELL: Yes. So just for
15 one (1) clarity though. Ehen it says last year's
16 maturity level, it's talking about the last time it
17 was assessed, and so that's the 2022 assessment.

18 MR. CHRIS KLASSEN: Right. Thanks for
19 that clarification. For the sake of the Board, we
20 appreciate the clarity.

21 So, looking to the graphs, sir, on the
22 far left, you'll confirm that the same -- the same
23 color scheme is used in the graph as in the list
24 above, correct?

25 MR. SHAWN CAMPBELL: That is correct.

1 MR. CHRIS KLASSEN: And that the 2022
2 score is presented in gray, correct?

3 MR. SHAWN CAMPBELL: Correct.

4 MR. CHRIS KLASSEN: And the most
5 recent score presented in this newest report is
6 presented in dark blue?

7 MR. SHAWN CAMPBELL: Correct.

8 MR. CHRIS KLASSEN: And so, under
9 perform and -- perform strategy and planning on the
10 far left, for example, we see a decline from 3.44 to
11 3.10, correct?

12 MR. SHAWN CAMPBELL: Yes, Correct.

13 MR. CHRIS KLASSEN: And moving over,
14 engage business leadership and stakeholders, a decline
15 from 3.28 to 2.97, correct?

16 MR. SHAWN CAMPBELL: This is correct.

17 MR. CHRIS KLASSEN: And moving three
18 (3) columns over, sir, to manage IT finance, a decline
19 from 2.56 to 2.17, correct?

20 MR. SHAWN CAMPBELL: That is correct.

21 MR. CHRIS KLASSEN: And on the far
22 right under managed performance, from 2.20 to 2.00,
23 correct?

24 MR. SHAWN CAMPBELL: Yes, correct.

25 MR. CHRIS KLASSEN: At risk of not

1 celebrating MPI's successes, sir, you'll confirm that
2 on the far right under 'observations', the bottom
3 bullet establishes that MPI's most significant
4 improvement at the functional level compared to
5 previous years' maturity was develop and manage
6 talent.

7 Do you see that there, sir?

8 MR. SHAWN CAMPBELL: Yes, I see that.

9 MR. CHRIS KLASSEN: You'll also
10 confirm that that list under observations doesn't
11 provide an explanation from Gartner's perspective of
12 the reasons for changes in MPI's maturity in this
13 area, correct?

14 MR. SHAWN CAMPBELL: That is correct.

15 MR. CHRIS KLASSEN: Could MPI provide
16 a high-level explanation from MPI's perspective of the
17 changes presented on this page?

18

19 (BRIEF PAUSE)

20

21 MR. SHAWN CAMPBELL: Shawn Campbell
22 speaking. So, there are a number of factors that --
23 that weigh into this. In 2022, we had different
24 leadership. This also was at the time when we were
25 heavily focused in the delivery of NOVA.

1 Through that to the 2024 assessment -
2 and this is where now we have new sets of leaders, new
3 organization, or organizational structure, an ending
4 of NOVA coming about.

5 So, we do understand at this point that
6 nova's processes are still in force, but we do see
7 that it's more focused on just the -- the planning of
8 R-3 as opposed to the delivery of R-2, R-1 that were
9 happening in the -- the 2022 cycle.

10 All of this leads to different changes
11 in how we process or practice various things. There's
12 also new question sets. So, while Gartner uses the
13 same framework, they don't always use the same
14 questions. Some of the questions are findings from
15 new best practices, so, for example, when you talk
16 about the manage the IT function.

17 So, here -- or sorry, manage the IT
18 finance. My mistake. When you talk about that in the
19 drop in scale here, it is about -- there are questions
20 in there with regards to how do we involve our finance
21 -- CFO, for example, with regards to assessing and
22 maturing our estimates and ensuring that there --
23 there's continuity in what that looks like.

24 Those questions are newer. And so,
25 therefore, it results in an answer that we don't do

1 that or we didn't do that at that time. Is it an area
2 for improvement? Yes.

3 So, these highlight that best practices
4 have changed over time since 2022, and that MPI needs
5 to adjust with those best practices, as well.

6 MR. CHRIS KLASSEN: Thank you, sir.

7 Ms. Dweh, could you please take us to page 39.

8 And, Mr. Campbell, you'll confirm that
9 we're now looking at the page presenting maturity in
10 the area of security and risk management?

11 MR. SHAWN CAMPBELL: Yes, that is
12 correct.

13 MR. CHRIS KLASSEN: And we won't
14 bother with the level of detail that we just went
15 through this time. But you'll confirm on the graph
16 that quite a number of the gray bars are taller than
17 the dark blue bars, correct?

18 MR. SHAWN CAMPBELL: Yes, that is
19 correct.

20 MR. CHRIS KLASSEN: And if we look to
21 the right at the first bullet under observation, we
22 see Gartner reassuring us that there are no
23 indications of a decline in MPI's security posture.

24 Correct?

25 MR. SHAWN CAMPBELL: That is correct.

1 MR. CHRIS KLASSEN: And a further
2 explanation provided there explains that this year's
3 survey was conducted by a new leadership team which
4 holds a more conservative view of MPI's current state.

5 Correct?

6 MR. SHAWN CAMPBELL: Yes. This is
7 similar to what I was trying to explain earlier, maybe
8 not doing it so well. With new leaders come new
9 insight into what the processes are. In addition,
10 there are different things that they are measuring
11 within the individual questions.

12 A drop in maturity -- a small drop in
13 maturity does not mean a drastic change has occurred.
14 A large drop is concerning. So, this is what this
15 reflects. It's a small drop, different perspectives,
16 making sure that we are being true with ourselves
17 around what is going on, and then the conversation
18 with Gartner around what did we miss. What are we
19 missing? What should we be looking at?

20 And this results in the observations
21 and later on, the recommendations that come up with
22 Gartner.

23 MR. CHRIS KLASSEN: Thank you for
24 that, sir. Ms. Dweh, now page 42, please.

25 Before us, sir, is vendor management?

1 MR. SHAWN CAMPBELL: That is correct.

2 MR. CHRIS KLASSEN: And you'll confirm
3 that in three (3) of the four (4) categories presented
4 in the graph MPI's score declined, in some cases,
5 marginally, but still declined between surveys.

6 Correct?

7 MR. SHAWN CAMPBELL: That is correct.

8 MR. CHRIS KLASSEN: And, again, here
9 you'll confirm, sir, that Gartner's observations don't
10 provide any analysis or assessment of what might have
11 driven this decline in maturity, correct?

12 MR. SHAWN CAMPBELL: That is correct.

13 MR. CHRIS KLASSEN: Now, recognizing
14 that these scores are based on, as you say, a guided
15 self-assessment, could MPI provide a brief explanation
16 for the changes presented here?

17 MR. SHAWN CAMPBELL: There's a couple
18 things that I'd like to point out here, a couple
19 things. Vendor management's moved into a different
20 division at this point in time, so there's
21 organizational change.

22 And so, again, while the -- the leader
23 of the unit itself is the same, they are reporting
24 into a new leader, and that causes slight changes in
25 perspective on what processes. Overall, if you take a

1 look, the -- the changes here are minor, at best, as
2 you alluded to earlier, and reflect a simple question.
3 Maybe one question goes from a yes to a no when
4 they're -- the questions are asked as part of that
5 self-assessment.

6 So, overall, the -- the reason for the
7 decline here would be largely attributed to rethink
8 review of the process that we follow to make sure that
9 we are accurately reflecting and being true to
10 ourselves about what we actually do.

11 It does us no benefit to lie on these
12 surveys as we can't -- cannot then gain a proper
13 observation or recommendation from Gartner to improve
14 ourselves.

15 MR. CHRIS KLASSEN: Thanks very much,
16 Mr. Campbell. We'll move on from maturity scores now
17 and spend a few minutes on staffing and spending. And
18 I'll ask Mr. Wade to take us to page 24.

19 You'll confirm on the page before us,
20 sir, we see an analysis of MPI's use of contractors in
21 its approach to IT staffing, correct?

22 MR. SHAWN CAMPBELL: Yes, that is
23 correct.

24 MR. CHRIS KLASSEN: And we'll be brief
25 and focus on the bulleted point under 'observations'

1 there. And I'll ask you to confirm that MPI --
2 Gartner found that MPI uses a higher proportion of
3 contractors relative to both insurance industry and
4 public sector peers with and without including NOVA
5 resources, correct?

6 MR. SHAWN CAMPBELL: Yes, that is
7 their observation.

8 MR. CHRIS KLASSEN: Great. Thanks
9 very much. Ms. Dweh, we'll move -- move on from the
10 document that's before us.

11 Mr. Hart, sir, you'll confirm that as
12 an executive of MPI, you're -- you understand that
13 MPI's Basic line of business operates in a monopoly
14 environment?

15 MR. ROY HART: Yes.

16 MR. CHRIS KLASSEN: And that for this
17 reason, it's regulated by the Public Utilities Board?

18 MR. ROY HART: Yes.

19 MR. CHRIS KLASSEN: And you'll confirm
20 your understanding, sir, that the rationale for this
21 is to protect consumers who in MPI's Basic monopoly
22 environment don't benefit from competitive pressure in
23 the marketplace?

24 MR. ROY HART: Yes.

25 MR. CHRIS KLASSEN: Competitive

1 pressure, which might otherwise apply downward
2 pressure on rates?

3 MR. ROY HART: Yes.

4 MR. CHRIS KLASSEN: And such pressure
5 might in other circumstances incentivize MPI to
6 operate efficiently and control its spending?

7 MR. ROY HART: Yes.

8 MR. CHRIS KLASSEN: And you'll
9 confirm, sir, that the PUB accomplishes this task in
10 part by ensuring that MPI's actual and projected costs
11 incurred are necessary and prudent?

12 MR. ROY HART: Yes.

13 MR. CHRIS KLASSEN: And you'll confirm
14 your understanding of this principle, sir, to mean
15 that rates for Basic insurance are to only reflect
16 those costs which are prudent and necessarily
17 incurred, correct?

18 MR. ROY HART: Yes.

19 MR. CHRIS KLASSEN: And you'll agree
20 that this means that spending found to be imprudent or
21 unnecessary should not be borne by ratepayers?

22 MR. ROY HART: Yes.

23 MR. CHRIS KLASSEN: Thank you, sir.
24 You'll confirm that MPI canceled Project NOVA earlier
25 in 2025?

1 MR. ROY HART: Yes.

2 MR. CHRIS KLASSEN: And that MPI has
3 prepared a project closeout report?

4 MR. ROY HART: Yes, we did.

5 MR. CHRIS KLASSEN: And that both
6 public and confidential versions of this report are
7 filed on the record?

8 MR. ROY HART: Yes.

9 MR. CHRIS KLASSEN: Ms. Dweh, I'll ask
10 you to take us to the public version of that document,
11 which is filed as MPI Exhibit 21. And we'll go right
12 to the first page so we know what we're looking at.
13 Thank you.

14 Mr. Hart, you'll confirm that before us
15 we have MPI's Exhibit 21, being the public version of
16 the Project NOVA Closeout report?

17 MR. ROY HART: Yes.

18 MR. CHRIS KLASSEN: Ms. Dweh, can you
19 take us to page 5, please? And we'll go toward the
20 bottom of the page if we can.

21 And I'll ask you to confirm there, Mr.
22 Hart, that you see a heading that reads, "Challenges
23 and re-baseline," correct?

24 MR. ROY HART: I don't see it.

25 MR. CHRIS KLASSEN: So --

1 MR. ROY HART: Oh, there it is, yeah.

2 MR. CHRIS KLASSEN: -- it's slightly
3 lighter colour, "Challenges and a re-baseline."

4 MR. ROY HART: Yes, I see it.

5 MR. CHRIS KLASSEN: And that under
6 that heading, MPI identifies what it describes as a
7 number of significant challenges, correct?

8 MR. ROY HART: Yes.

9 MR. CHRIS KLASSEN: The first of which
10 is redacted in this -- in this version?

11 MR. ROY HART: Yes.

12 MR. CHRIS KLASSEN: The second is,
13 "Overly aggressive timelines," correct?

14 MR. ROY HART: Yes.

15 MR. CHRIS KLASSEN: And if Ms. Dweh
16 takes us to the top of page 6, we'll see at a high
17 level in that first bullet, "Underestimation of
18 complexity"?

19 MR. ROY HART: Yes.

20 MR. CHRIS KLASSEN: And reading on
21 from there, we see a lack of documentation as to how
22 MPI systems worked.

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: As well as an
25 underestimation of knowledge transfer and the

1 experience required in IT, correct?

2 MR. ROY HART: Yes.

3 MR. CHRIS KLASSEN: And down from
4 there, another significant challenge that led to the
5 cancellation of Project NOVA, you'll agree, was
6 organizational capacity and capability.

7 MR. ROY HART: To deliver
8 transformational change. Yes.

9 MR. CHRIS KLASSEN: Correct. Thank
10 you. As well, the shift from the Project's purpose
11 from technology modernization to business
12 transformation while the Project was in progress,
13 correct?

14 MR. ROY HART: Yes.

15 MR. CHRIS KLASSEN: And in the next
16 paragraph you'll see, sir, that the first bullet,
17 which you saw a moment ago was redacted, is described
18 as the most critical challenge, correct?

19 MR. ROY HART: Yes.

20 MR. CHRIS KLASSEN: And that this
21 foundational issue contributed to and enabled
22 subsequent problems?

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: And which
25 ultimately led to the conclusion that the Project

1 could not be salvaged, correct?

2 MR. ROY HART: Yes.

3 MR. CHRIS KLASSEN: Ms. Dweh, we'll
4 now go to page 13.

5 And just to contextualize ourselves
6 here, sir, you'll confirm that we see close to the
7 bottom of the page that heading, 'The decision to
8 close Project NOVA', correct?

9 MR. ROY HART: Yes.

10 MR. CHRIS KLASSEN: So, we'll now move
11 on to the next page to look at some of the text under
12 that heading. And we'll look at that third paragraph
13 beginning with the word 'furthermore'.

14 Starting on line 2 there, sir, you see
15 that it was evident that the Corporation's aspiration
16 did not match its capacity or its capabilities,
17 correct?

18 MR. ROY HART: Yes.

19 MR. CHRIS KLASSEN: And reading on, we
20 see that NOVA experienced significant missteps and it
21 did not deliver the value for money that was
22 originally planned and promised, correct?

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: And looking back
25 up toward the top of the page there, sir, we see in

1 bold and italicized text that we're referred to
2 Appendix 2 for more information about the lessons that
3 MPI has learned through this process?

4 MR. ROY HART: Yes, of which there
5 were many.

6 MR. CHRIS KLASSEN: And I'll ask Ms.
7 Dweh to take us there now. And, Ms. Dweh, Appendix 2
8 to this document begins on page 20 of the same PDF.

9 And you'll confirm that's where we --
10 what we now have before us, Mr. Hart?

11 MR. ROY HART: Yes.

12 MR. CHRIS KLASSEN: And you'll confirm
13 that this section of the document presents MPI's
14 lessons learned as well as go-forward actions flowing
15 from Project NOVA, correct?

16 MR. ROY HART: Yes.

17 MR. CHRIS KLASSEN: And if we scroll
18 to page 22, we'll see what MPI calls a lessons learned
19 log, correct?

20 MR. ROY HART: Yes.

21 MR. CHRIS KLASSEN: And -- and in the
22 first section of it here, as you'll see in the text
23 right there above the table presents lessons learned
24 following release one implementation, correct?

25 MR. ROY HART: Yes. It's a long list.

1 MR. CHRIS KLASSEN: And so, if we were
2 to go to an example on page 22 and look to the third
3 row in the table, you'll confirm there that on the far
4 left we're looking for -- we're looking at something
5 in the technical finding category, correct, third from
6 the top?

7 MR. ROY HART: New -- the new
8 requirements under observation? Is that what you're
9 pointing to?

10 MR. CHRIS KLASSEN: Correct. Yeah.

11 MR. ROY HART: Yeah, I do see it.

12 MR. CHRIS KLASSEN: Great. And we'll
13 go to the observation column now, sir. You'll confirm
14 it says that new requirements were identified post
15 build, so rework was required, correct?

16 MR. ROY HART: Yes.

17 MR. CHRIS KLASSEN: And you'll confirm
18 at a high level for those of us who haven't spent our
19 careers in IT in the room, sir, that this means that
20 MPI hadn't properly identified what the Release 1
21 deliverables needed to be able to do, correct?

22 MR. ROY HART: Yes. And I believe we
23 shared that in some detail.

24 MR. CHRIS KLASSEN: Thank you. And as
25 a result, MPI needed to go back, replan, and fix work

1 that had been previously done, correct?

2 MR. ROY HART: Yes.

3 MR. CHRIS KLASSEN: And you'll forgive
4 my use of colloquial language here. Would it be fair,
5 sir, to assume that this reality extended timelines
6 and increased project cost?

7 MR. ROY HART: Yes.

8 MR. CHRIS KLASSEN: Thank you. We'll
9 go to another example, Ms. Dweh, this time on page 23,
10 and we'll go to the very bottom row on this table on
11 this page.

12 The headings aren't presented here,
13 sir, but you'll recall that the column second from
14 right presents observations, correct?

15 MR. ROY HART: Yes.

16 MR. CHRIS KLASSEN: And so, in the
17 observations column at the bottom of this page, we see
18 that not all SMEs or -- I understand that stands for
19 subject matter experts -- were involved in the
20 development of workflows, correct?

21 MR. ROY HART: Yes.

22 MR. CHRIS KLASSEN: And on the far
23 left, you see that it's characterized as an
24 operational readiness issue on the part of MPI?

25 MR. ROY HART: Reading it. Yes.

1 Thank you.

2 MR. CHRIS KLASSEN: And back in the
3 observations column, you see at the very end of that
4 observation in brackets the term 'R-2 rescope',
5 correct?

6 MR. ROY HART: Yes.

7 MR. CHRIS KLASSEN: And you'll
8 confirm, sir, that this suggests that this observation
9 and the reality described in that row contributed to
10 portions of Release 1 being deferred and then added to
11 a rescope of Release 2, correct?

12 MR. ROY HART: One second.

13

14 (BRIEF PAUSE)

15

16 MR. ROY HART: Could you restate your
17 question, please?

18 MR. CHRIS KLASSEN: Sure. The
19 question was simply inviting you to confirm that the
20 fact that MPI inserted the term 'R-2 rescope' at the
21 end of this observation indicates that the reality
22 described here has something to do with the fact that
23 tasks from Release 1 were deferred and added to
24 Release 2?

25 MR. ROY HART: No, that is not -- not

1 what this is about. We -- I think the best way to
2 characterize this is that we use this lesson learned
3 in R-2 to make sure that we were delivering it
4 properly and it did land properly.

5 MR. CHRIS KLASSEN: Understood. And
6 thank you for that clarification.

7 Situating ourselves still in Release 1,
8 would you agree, sir, that the fact that not all
9 subject matter experts were involved in the
10 development of workflows also contributed to increases
11 in budget and extensions in timelines?

12 MR. ROY HART: Yes, it likely did.

13 MR. CHRIS KLASSEN: Thank you. And
14 now, Ms. Dweh, to page 24 if we can, please, and we'll
15 just look to the second row. Again, under the
16 'Observations' column, we see the observation that:

17 "Test case development by an
18 outside vendor without business
19 knowledge did not produce usable
20 test cases."

21 Correct?

22 MR. ROY HART: Yes.

23 MR. CHRIS KLASSEN: And is it fair to
24 say, sir, that that was a result of MPI not providing
25 the -- the outside vendor with the business knowledge

1 required to produce usable test cases?

2 MR. ROY HART: That would've been part
3 of it for sure, as well as not having sufficient
4 documentation, which was called out earlier. And --
5 and it's also called out in the mitigation in this
6 column.

7 MR. CHRIS KLASSEN: Exactly, so thank
8 you, sir. You'll agree as well that this reality also
9 affected project costs and timelines?

10 MR. ROY HART: Yes, it likely did.

11 MR. CHRIS KLASSEN: Ms. Dweh, I'll ask
12 you to take us now to Appendix 4 of this document,
13 which begins on page 38 of the PDF. Thank you.

14 And, Mr. Hart, you'll confirm that on
15 the page before us, we have a series of tables
16 summarizing what are described as key issues, correct?

17 MR. ROY HART: Yes.

18 MR. CHRIS KLASSEN: And in the first
19 row on the left partway through the paragraph, you'll
20 see MPI identifying beginning with the words "the
21 approach":

22 "The approach to secure funding
23 for the program did not follow a
24 typical gating process wherein
25 refinement of costs and timelines

1 would be approved and
2 established."

3 Correct? The top row of the table,
4 sir, beginning about halfway down the paragraph,
5 beginning with the words "the approach".

6 MR. ROY HART: Yes. I see that.
7 Thank you.

8 MR. CHRIS KLASSEN: Now, recognizing,
9 Mr. Hart, that you were not with MPI in 2021, would
10 you agree that the type of gating process described in
11 this table is something you'd expect to see in an
12 organization the size of MPI with an undertaking of
13 the scope of Project NOVA?

14 MR. ROY HART: Yes, it is. And it's
15 reflected in the actions that we spoke about earlier
16 with respect to how we've changed execution on major
17 programs so that we do follow this approach.

18 MR. CHRIS KLASSEN: Thank you. In the
19 next row, in the first sentence, you'll confirm that
20 we see that the 2021 re-baseline schedule was overly
21 ambitious and posed a risk to achieving program
22 objectives, correct?

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: And you'll confirm
25 that the sentence after that indicates that:

1 "During the implementation phase
2 in March of 2021, significant
3 risks were found pertaining to
4 organizational strengths needed
5 for successful delivery."

6 Correct?

7 MR. ROY HART: Yes.

8 MR. CHRIS KLASSEN: And the last
9 sentence there, sir, indicates that -- that:

10 "A review found the three (3) year
11 schedule assumption to be
12 extremely aggressive and
13 unrealistic to implement a project
14 of this size and scope."

15 Correct?

16 MR. ROY HART: Yes.

17 MR. CHRIS KLASSEN: And in the next
18 row, sir, down from there, you'll confirm that that
19 text identifies significant delays and escalating
20 costs that were evident early in 2024, correct?

21 MR. ROY HART: Yes.

22 MR. CHRIS KLASSEN: And is it your
23 recollection, sir, that in the 2025 GRA hearing, MPI's
24 Project NOVA budget presented to this board was still
25 at \$290 million, including contingency?

1 MR. ROY HART: Yes, that's correct.

2 MR. CHRIS KLASSEN: Thank you. Ms.
3 Dweh, we'll go now to page 40, and we'll look at the
4 section of the table that presents information on the
5 fourth quarter of 2023/'24, which Ms. Dweh
6 conveniently has before us.

7 And we'll see what MPI identifies as
8 ineffective governance structure identified there on
9 the left as an issue, correct?

10 MR. ROY HART: Yes.

11 MR. CHRIS KLASSEN: And if we look to
12 the right, you'll see at the top that MPI engaged in
13 eight (8) management consulting firm assessments
14 between 2019 and 2024?

15 MR. ROY HART: Yes.

16 MR. CHRIS KLASSEN: And that those
17 assessments led to forty-one (41) recommendations
18 related to governance and leadership, correct?

19 MR. ROY HART: Yes.

20 MR. CHRIS KLASSEN: And if we look
21 past the bulleted list to the paragraph there that
22 begins with the words "Project NOVA" and we look a
23 little bit further to about halfway through that
24 paragraph, you'll see that a final governance
25 framework was presented to the technology committee

1 for approval on July 10th, 2024, correct?

2 MR. ROY HART: Yes, and that framework
3 has been enhanced further since then.

4 MR. CHRIS KLASSEN: Thank you. To
5 page 41, Ms. Dweh, under the first quarter of
6 2024/'25.

7 Looking to the last sentence in that
8 column on the left, we see that challenges resulted in
9 defects, delays, and cost overruns, correct?

10 MR. ROY HART: Yes.

11 MR. CHRIS KLASSEN: And Ms. Dweh, now
12 to page 45.

13 At the very bottom, we see another
14 issue identified as escalating project costs and lack
15 of financial control, correct?

16 MR. ROY HART: Yes.

17 MR. CHRIS KLASSEN: Thank you. Ms.
18 Dweh, now to page 14 and toward the bottom of the
19 page.

20 And we're focusing on this section
21 toward the bottom, Mr. Hart, under the heading
22 'Investment Overview'. Do you see that there, sir?

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: That's great.
25 Thank you, Ms. Dweh. Right -- right there is just

1 fine.

2 And we'll look at the last sentence in
3 that first paragraph under 'Investment Overview', Mr.
4 Hart, starting with the word 'however'.

5 You'll confirm that MPI indicates here,
6 that:

7 "Not all of the spending under
8 Project NOVA has resulted in
9 systems or tools that MPI can use
10 going forward."

11 Correct?

12 MR. ROY HART: Yes.

13 MR. CHRIS KLASSEN: Mr. Dweh, now
14 we'll go to Expenses, Appendix 29. That's great.
15 Thank you.

16 And, Mr. Hart, you'll confirm that,
17 based on your familiarity with MPI's portfolio of
18 initiatives, that you're aware that the Public
19 Utilities Board has directed MPI to defer and
20 accumulate certain initiative expenses for rate
21 setting purposes, correct?

22 MR. ROY HART: Yes, I'm aware.

23 MR. CHRIS KLASSEN: And you see before
24 us, if Ms. Dweh can scroll down just a little bit for
25 us. You see there numbered at one and two now in the

1 middle of the screen, two (2) relevant public
2 utilities board directives addressing this issue,
3 correct?

4 MR. ROY HART: Yes.

5 MR. CHRIS KLASSEN: You'll confirm
6 that the first one comes from Order 4 of '23?

7 MR. ROY HART: Yes.

8 MR. CHRIS KLASSEN: Which required MPI
9 to exclude all initiative expenses for rate setting
10 purposes?

11 MR. ROY HART: Yes.

12 MR. CHRIS KLASSEN: And the second
13 from Order 2 of '25, correct?

14 MR. ROY HART: Yes.

15 MR. CHRIS KLASSEN: In which directive
16 8 directed MPI to continue the practice, correct?

17 MR. ROY HART: Yes.

18 MR. CHRIS KLASSEN: And if we scroll
19 to the next page -- and that's great there, thank you,
20 Ms. Dweh.

21 You'll confirm that it's MPI's evidence
22 before us that the amount in this regulatory deferral
23 account is expected to be \$60.9 million by end of the
24 current fiscal year, correct?

25 MS. SABRINA KAUK: Sabrina Kauk.

1 Sorry. Correct.

2 MR. CHRIS KLASSEN: Thank you. And
3 you'll confirm as well, Ms. Kauk, to grow to 191.4
4 million by the end of 2029/'30.

5 MS. SABRINA KAUK: Correct.

6 MR. CHRIS KLASSEN: And you'll confirm
7 that -- that these figures represent all of MPI's
8 deferred initiative expenses?

9 MS. SABRINA KAUK: Since the order was
10 put in place, correct.

11 MR. CHRIS KLASSEN: Thank you. And
12 you'll confirm that MPI has ongoing initiatives that
13 are not related to Project NOVA, correct?

14 MS. SABRINA KAUK: Correct.

15 MR. CHRIS KLASSEN: And you'll confirm
16 that one of MPI's requests for relief in the present
17 hearing is to have the initiative expenses deferred in
18 2023/'24, and in 2024/'25 declared to be of no value
19 for rate-setting purposes, correct?

20 MS. SABRINA KAUK: I would correct
21 that. We've requested to discharge the National RDA
22 balance through to the end of March 31st, 2026.

23 MR. CHRIS KLASSEN: Thanks. This
24 means that deferred initiative costs will not be
25 reflected in customers' rates, correct?

1 MS. SABRINA KAUK: So ,we've requested
2 to discharge the notional RDA balance through the end
3 of March 31st, 2026. And we have proposed that, for
4 the 2027 GRA, there's an inclusion of initiative
5 expenses on the basis of the prior year's expenditure
6 with inflation adjusted.

7 MR. CHRIS KLASSEN: Understood. Thank
8 you. Ms. Dweh, we'll go now to Appendix Expenses 23.
9 Thank you very much.

10 The panel will confirm that the -- that
11 the document before us is Appendix 23 to the expenses
12 chapter titled 'Financial Forecast with Deferred
13 Costs', correct?

14 MS. SABRINA KAUK: Correct.

15 MR. CHRIS KLASSEN: And the figure
16 before us presents Basic implementation expenses
17 deferred for rate-setting purposes and recovery
18 schedule, correct?

19 MS. SABRINA KAUK: Correct.

20 MR. CHRIS KLASSEN: And you'll confirm
21 that this page and the one that follows -- and, Ms.
22 Dweh, perhaps you can give us a scroll through so that
23 we know what we're looking at. Thank you.

24 You'll confirm that these two (2) pages
25 identify in the left-hand column all of the

1 initiatives for which spending has been deferred for
2 rate-setting purposes, correct?

3 MS. SABRINA KAUK: Since the Order,
4 correct.

5 MR. CHRIS KLASSEN: Since the Order,
6 correct. Thank you. And this question may best be
7 deferred -- or directed back to the front row, Ms.
8 Kauk, but I thank you for your contributions.

9 I'll ask the witnesses to confirm that
10 MPI believes that many of the initiatives listed here
11 are either already -- sorry, let me say that again --
12 that the initiatives listed here are either already
13 providing value to ratepayers or will provide value to
14 ratepayers in the future?

15 MR. ROY HART: Yes.

16 MR. CHRIS KLASSEN: Thank you. Mr.
17 Hart, you'll confirm your understanding that the
18 auditor general of Manitoba is currently conducting a
19 performance audit of Project NOVA?

20 MR. ROY HART: Yes.

21 MR. CHRIS KLASSEN: And it's your
22 understanding that this audit will assess MPI's
23 project management and decision-making associated with
24 Project NOVA?

25 MR. ANTHONY GUERRA: Counsel, we're --

1 we're not able to make comments about the status of
2 the audit. We've been asked specifically from their
3 office not to make those comments.

4

5

(BRIEF PAUSE)

6

7 MR. CHRIS KLASSEN: Thank you for
8 that, Mr. Guerra. To clarify, my question wasn't
9 about the status. It was about MPI's expectations for
10 the contents. And if that puts MPI in a position that
11 it's not comfortable with, I'm happy to stop there,
12 but --

13

MR. ANTHONY GUERRA: Sorry. Yes. We
14 can't confirm at this point in time what the audit
15 will -- will or will not contain.

16

MR. CHRIS KLASSEN: Thank you.

17

18

(BRIEF PAUSE)

19

20 CONTINUED BY MR. CHRIS KLASSEN:

21

MR. CHRIS KLASSEN: Mr. Hart, you'll
22 confirm that, in announcing the cancellation of
23 Project NOVA, MPI made clear that it still needs to
24 complete much of the work that Project NOVA
25 contemplated, correct?

1 MR. ROY HART: Yes.

2 MR. CHRIS KLASSEN: I'll ask Ms. Dweh
3 to take us back to the Project NOVA closeout report,
4 which was Exhibit 21, and we'll go to page 15.

5 And we'll go to the bottom of page 15,
6 where we see at the very bottom of the page, sir, a
7 heading which I think introduces text found on the
8 next page. And you'll confirm that that heading
9 reads, 'Looking Ahead: A New Responsible Approach to
10 Legacy System Replacement', correct?

11 MR. ROY HART: Yes, and we spent a lot
12 of time on what our new approach is this morning in
13 our opening remarks.

14 MR. CHRIS KLASSEN: Certainly. And
15 that you'll confirm, sir, that that new approach is
16 the five (5) year rolling IT roadmap, correct?

17 MR. ROY HART: The new approach, the
18 five (5) year rolling IT roadmap, is part of the new
19 approach, but there's also all of the work improved in
20 how we run projects, how we run major programs, and
21 how we govern ourselves in that regard.

22 MR. CHRIS KLASSEN: Thank you. My
23 next set of questions will focus on the -- the major
24 programs portion of that new approach.

25 And you'll recall confirming to My

1 Friend this morning that the -- the threshold or the
2 point at which a project or program is considered a
3 major program is a projected budget of \$3 million,
4 correct?

5 MR. ROY HART: So yes, we have \$3
6 million as a -- as a line, but we also have other
7 considerations that were outlined by Ms. St. Laurent
8 in her testimony. There was four (4) different items,
9 and we could -- we could go back to that if we need
10 to.

11 MR. CHRIS KLASSEN: I don't think
12 we'll need to, sir. But you'll confirm that the \$3
13 million threshold suggests that all major projects
14 will need Board approval, correct?

15 MR. ROY HART: Yes.

16 MR. CHRIS KLASSEN: And is that still
17 the case recognizing your comments about there being
18 other factors at play other than the \$3 million
19 threshold?

20 MR. ROY HART: Yes.

21 MR. CHRIS KLASSEN: Thank you. You'll
22 confirm that MPI develops business cases for each
23 major program?

24 MR. ROY HART: We develop business
25 cases for each project that we execute, yes.

1 MR. CHRIS KLASSEN: At a high level,
2 sir, you'll confirm that a business case is used by
3 MPI as an important tool to inform decision making,
4 correct?

5 MR. ROY HART: Yes, it is.

6 MR. CHRIS KLASSEN: And that it should
7 include such metrics as expected costs?

8 MR. ROY HART: Yes.

9 MR. CHRIS KLASSEN: As well as
10 quantify and assign value to expected benefits,
11 correct?

12 MR. ROY HART: Yes.

13 MR. CHRIS KLASSEN: You'll confirm
14 that MPI learned through Project NOVA that projects
15 may experience changes to their expected budgets while
16 they're in progress, correct?

17 MR. ROY HART: Yes. And I would
18 suggest that, materially, pretty much every project
19 experiences change during execution of a project.

20 MR. CHRIS KLASSEN: And similarly,
21 timelines can be extended or otherwise changed,
22 correct?

23 MR. ROY HART: This is a -- a normal
24 part of project execution subject to governance.

25 MR. CHRIS KLASSEN: And the risk

1 associated with a project can increase or decrease
2 over the life of a project?

3 MR. ROY HART: Risk changes during the
4 life of a project. It's a managed item and we're
5 seeking to reduce risk as a project executes and
6 mitigate risk.

7 MR. CHRIS KLASSEN: And you'll confirm
8 that the risk associated with the project is not only
9 informed by the project's cost, correct?

10 MR. ROY HART: No, certainly. There
11 are many, many risk elements.

12 MR. CHRIS KLASSEN: You'll confirm,
13 sir, that MPI's major programs, governance structure
14 prompts periodic re-evaluation of a project?

15

16 (BRIEF PAUSE)

17

18 MS. JENNIFER ST. LAURENT: Jennifer
19 St. Laurent. We have bi-weekly reviews on each of the
20 major programs through the program steering committees
21 as part of the governance. Throughout that process,
22 we have continuous status updates on the program.
23 There is opportunity throughout, should there be large
24 issues, risks, et cetera, that are raised to the
25 business stakeholder. And that would be the avenue to

1 identify if there is a need to revector on the
2 program.

3 Also, we have a change request process
4 in place should there be significant changes in dollar
5 value, schedule, et cetera, which allow for decision
6 points to be made on a -- on a major program should it
7 be deviating substantially from what was originally
8 identified within the project scope and within the
9 original business case.

10 Similarly, should there be large
11 benefit deviations, those are also raised with our
12 partners in the value assurance team so they can also
13 reassess should there be less or more benefits
14 associated.

15 So, there are multiple opportunities
16 for visibility throughout the core stakeholders who
17 are involved in each major programs or project. Thank
18 you.

19 MR. CHRIS KLASSEN: Thanks very much.
20 So, one clarifying question. You used the term
21 'revector' a program or project.

22 Could you clarify or confirm perhaps
23 that that means to document changes in -- in project
24 attributes such as costs or timelines or, for example,
25 risks?

1 MS. JENNIFER ST. LAURENT: Jennifer
2 St. Laurent. Yes, that would be a possibility.

3 MR. CHRIS KLASSEN: Thank you. And
4 can you clarify for us and for the Panel the
5 difference between these check-in meetings, I'll call
6 them, which you just described and the phase-gating
7 process which MPI describes in its Application as
8 being under development?

9 MS. JENNIFER ST. LAURENT: The --
10 sorry, repeat the question.

11 MR. CHRIS KLASSEN: I asked you
12 initially about opportunities in the major programs
13 structure to periodically reevaluate projects. You
14 provided an explanation of a regular recurring meeting
15 process.

16 And I'm asking you to explain the
17 difference between that meeting process and the phase-
18 gating process that MPI describes in its Application.

19 MS. JENNIFER ST. LAURENT: Okay. So,
20 the project status reporting is throughout the
21 governance meetings on -- across the course of the
22 project. When the project is going through various
23 implementation stages, there would be an opportunity,
24 similarly through the program steering committees to
25 identify if there is a need to change at that point in

1 time.

2 MR. CHRIS KLASSEN: Thank you. You'll
3 confirm that it's MPI's evidence in the Application
4 that the phase-gating process remains under
5 development?

6 MS. JENNIFER ST. LAURENT: Yes, that
7 is true.

8 MR. CHRIS KLASSEN: Has MPI piloted or
9 -- or tested its phase-gating approach?

10

11 (BRIEF PAUSE)

12

13 MR. ROY HART: So -- Roy Hart
14 speaking. So, we -- we have said that our approach to
15 phase gating is in development. And so, we have not -
16 - we don't have something where we're -- we're able to
17 say to -- to the Board here today that we have this
18 locked down, it will never change, approach.

19 What we've -- have done is implemented
20 something called strategy to execution, which is a
21 series of steps for approving initiatives, some of
22 which may become major programs. Okay. And some may
23 become small initiatives, not even a project, and as -
24 - so it depends on what it is.

25 We then have our governance framework

1 aligned for decision-making, that includes thresholds.
2 So those thresholds for decision-making are
3 fundamentally gates in the process.

4 And so, if a project follow -- falls
5 below the \$3 million threshold for Board approval, and
6 it's not a major program, then it would be decided by
7 the right level of authority in the Corporation. It
8 could be at our executive team level or it could be at
9 a VP level, depending on the size of the -- the
10 project and the size of the initiative.

11 And so, again, that is a form of a gate
12 and as we go through our business case development
13 process, that includes multiple different measures in
14 order to make sure that we have a solid business case
15 before starting a -- a project or a major program.

16 And so, those are all forms of gates.
17 What we haven't done, is put it into something that is
18 easily -- easy to consume and to articulate, and so
19 on, because we are still in development and fine-
20 tuning it.

21 We recently made a change, for example,
22 to accelerate the -- the front end of that for smaller
23 initiatives and so on. So, we're able to make some
24 decisions faster, as an example. And so, these are
25 all forms of gates. We have our annual planning

1 cycle, our annual budget allocation cycle, that's also
2 a gate.

3 And so -- so to -- to get to the -- the
4 question, yes, we're in development and we have many
5 elements already implemented, but we don't feel we're
6 done yet. We feel we have more to do.

7 MR. CHRIS KLASSEN: These processes
8 that you've just described, sir, do they contemplate a
9 situation in which a -- an initiative or a project
10 might, in the course of being implemented, grow to
11 become a major program and, as such, be added to the
12 major program governance structure?

13 MR. ROY HART: So, if -- if -- we
14 tried to forecast that in -- in advance. If we find
15 ourselves in a situation where the forecast was
16 incorrect, then we would move it to the right level of
17 governance based on the dollar value that's estimated
18 for the program. And so, that's just the normal
19 course of our business in terms of decision-making.

20 MR. CHRIS KLASSEN: Thank you very
21 much, Mr. Hart.

22 MS. SATVIR JATANA: So, maybe I can
23 just add a little bit to that.

24 In practicality, how it works is about
25 November -- just about -- and I shared this in one of

1 my slides. We do our annual planning, as right now we
2 are starting to see what is that we're going to do in
3 '27/'28 because we need to start preparing for that
4 application as early as February of next year. So, we
5 would be looking at initiatives that will be underway
6 in that year.

7 As part of our strategy to execution
8 framework that we also shared as part of our strategy
9 discussion earlier last week, in that first or the
10 second gate, it also -- we -- we asked ourselves those
11 questions that helps us understand whether something
12 is a small initiative or it is going to be a major
13 program.

14 Some things are very obvious, like, the
15 ERP planning and change is very obvious that it would
16 be a major program. Other things may not be as simple
17 in the first gate. So, in the first couple of gates,
18 we have a good indication whether something is a major
19 program. If it is a major program, then that process
20 starts. If it's a smaller initiative, then we also
21 have a process to put that into execution.

22 So, it is not that, you know, these
23 things should be a surprise to us, all of a sudden in
24 the execution that it becomes a major program. It is
25 identified very early in that framework whether it is

1 going to be or not.

2 MR. CHRIS KLASSEN: Ms. Dweh, we'll
3 move now to Information Request PUB/MPI-2-31 and, in
4 particular, to attachment 'D' to the response.

5

6 (BRIEF PAUSE)

7

8 MR. CHRIS KLASSEN: Great. And if we
9 could just scroll up so we could see the very top of
10 the page. The panel will confirm that before us we
11 have Attachment 'D' to MPI's response to PUB
12 Information Request of MPI-2-31.

13 MR. ROY HART: Yes.

14 MR. CHRIS KLASSEN: And you'll confirm
15 that this is a Program Management Practices Review
16 prepared by MNP. Correct?

17 MR. ROY HART: Yes. This was our
18 internal audit.

19 MR. CHRIS KLASSEN: Completed just
20 over one (1) year ago?

21 MR. ROY HART: Yes.

22 MR. CHRIS KLASSEN: And Ms. Dweh, if
23 you could take us to page 6. We'll see under
24 Conclusions, a bulleted list of MNP's conclusions.

25 Correct?

1 MR. ROY HART: Yes.

2 MR. CHRIS KLASSEN: And if Ms. Dweh
3 can take us down the page a little bit, we'll see that
4 the second bullet begins to tell us about challenges
5 with resource management. Correct?

6 MR. ROY HART: Yes.

7 MR. CHRIS KLASSEN: And you'll see
8 there that MPI -- sorry, that MNP identifies a lack of
9 a centralized resource management tool, with a
10 consolidated view of resource availability and
11 capacity. Correct?

12 MR. ROY HART: Yes, and I spoke to
13 this earlier today, wherein we have put in place a
14 resource management tool, acknowledging that we do
15 need to make further improvements to it, but the work
16 has started in that regard.

17 MR. CHRIS KLASSEN: If we go to page
18 8, Ms. Dweh, we'll see presented here a summary of
19 observations and recommendations.

20 MR. ROY HART: Yes.

21 MR. CHRIS KLASSEN: And at the top of
22 the page, we see a -- a legend of sorts explaining
23 MNP's rating scale. Correct?

24 MR. ROY HART: Yes, that's correct.

25 MR. CHRIS KLASSEN: At a high rating,

1 you'll confirm, sir, it means that the observation
2 represents a control weakness, which could have, or is
3 having, a major adverse impact on the ability to
4 achieve process objectives. Correct?

5 MR. ROY HART: Yes.

6 MR. CHRIS KLASSEN: And you'll confirm
7 that in MNP's view, observations with a high rating
8 require immediate management action?

9 MR. ROY HART: Yes.

10 MR. CHRIS KLASSEN: And Ms. Dweh, if
11 you can take us to page 15, we'll see at observation
12 number 5, which I think we'll see if we can scroll
13 down, there we go.

14 Observation number 5 in blue, we'll see
15 a more detailed description of MNP's observations
16 related to resource management. Correct?

17 MR. ROY HART: Yes.

18 MR. CHRIS KLASSEN: And you'll see
19 there, under 'observations', below the darker box
20 presenting criteria, MNP identifies that at MPI
21 resources may be allocated -- may be reallocated
22 between projects while they're in progress?

23 MR. ROY HART: Yes.

24 MR. CHRIS KLASSEN: And you'll confirm
25 at the last line that this can impact timelines?

1 MR. ROY HART: Yes.

2 MR. CHRIS KLASSEN: And on the next
3 page, there at that second bullet, the first new
4 bullet on this page.

5 Again, we see more detail about that
6 observation that MPI does not have a centralized
7 resource management tool. Correct?

8 MR. ROY HART: Yes, at that time, we
9 did not.

10 MR. CHRIS KLASSEN: Correct. And if
11 we go back to the heading on the previous page for
12 observation number 5, we see that MNP has assigned
13 this a high rating. Correct?

14 MR. ROY HART: Yes.

15 MR. CHRIS KLASSEN: Meaning that at
16 the time it required immediate management action?

17 MR. ROY HART: Yes, and we've taken
18 action.

19 MR. CHRIS KLASSEN: And you'll confirm
20 that that action, sir, is MPI's plan to implement the
21 skills framework for the information age tool, which
22 you described earlier today?

23 MR. ROY HART: So, I would suggest
24 that the skills framework is one aspect of how we deal
25 with this, from an IT perspective only.

1 There is also the central -- oh, what
2 did we call it again -- the resource management tool
3 that we use for capacity planning purposes. So, it's
4 -- it's the -- the skills framework for the
5 information age is -- is something we use for managing
6 skills, both operationally and for projects and
7 looking forward in that regard. The resource
8 management tool is what we use for capacity planning.

9 MR. CHRIS KLASSEN: Thank you.

10 MR. ROY HART: If that helps.

11 MR. CHRIS KLASSEN: Certainly. Ms.
12 Dweh, we'll now turn to IT, Appendix 2, please.

13

14 (BRIEF PAUSE)

15

16 MR. CHRIS KLASSEN: Mr. Hart, you'll
17 confirm that on the screen in front of us we have
18 MPI's IT Risk Registry?

19 MR. ROY HART: Yes.

20 MR. CHRIS KLASSEN: Which sets out the
21 top risks facing MPI's IT division?

22 MR. ROY HART: Yes.

23 MR. CHRIS KLASSEN: And also
24 identifies risk mitigation treatments for each?

25 MR. ROY HART: Yes.

1 MR. CHRIS KLASSEN: And we see there
2 at risk number 1, at the top of the table, sir, a lack
3 of resource capacity. Correct?

4 MR. ROY HART: Yes.

5 MR. CHRIS KLASSEN: And you'll confirm
6 that this risk -- this -- that this describes a risk
7 that MPI will not have the skilled employees needed to
8 conduct its approved projects. Correct?

9 MR. ROY HART: Yes, and I will point
10 out that these are risks that exist in most IT
11 organizations. When we identify lists of risks, we're
12 talking about the risks that are most important to the
13 Corporation, or most impactful to the Corporation at
14 the time. And then look at what are the potential
15 impacts, of course, and the mitigation strategies for
16 that.

17 So, that's what this -- when we look at
18 a risk registry like this, we're looking at a point-
19 in-time assessment and what are those strategies to
20 deal with it?

21 MR. CHRIS KLASSEN: Thank you. And if
22 we look to the right, to the table under 'mitigation
23 strategies', you'll see that the second bullet
24 explains that one of the mitigation strategies for
25 this risk is to augment staff through Flex Track and

1 system integrators. Correct?

2 MR. ROY HART: Yes, that's correct.

3 MR. CHRIS KLASSEN: And you'll confirm
4 that this, essentially, suggests that one risk
5 mitigation strategy here for row 1 is to rely on
6 external contractors. Correct?

7 MR. ROY HART: That is one of the
8 strategies, yes.

9 MR. CHRIS KLASSEN: Now, we don't have
10 a transcript from today yet, sir, but you may recall
11 explaining to the Board this morning, and I believe
12 your words were that, MPI recognizes that when it can
13 reduce its reliance on contractors, that MPI should do
14 so. Correct? Do you recall saying that, sir?

15 MR. ROY HART: That's correct.

16 MR. CHRIS KLASSEN: And is it fair to
17 say that that's because reliance on external
18 contractors poses risks of institutional knowledge
19 loss?

20 MR. ROY HART: That is one of the
21 risks, yes.

22 MR. CHRIS KLASSEN: And does that
23 mean, sir, that reliance on external contractors is
24 not a long-term solution to internal capacity
25 constraints?

1 MR. ROY HART: I would say that the --
2 the answer to that is, it depends on the situation.

3 MR. CHRIS KLASSEN: Sure. So put a
4 different way then, sir, you'll confirm that relying
5 on external contractors doesn't contribute to MPI's
6 building of internal capacity. Correct?

7 MR. ROY HART: Again, it depends on
8 the situation.

9 MR. CHRIS KLASSEN: Sure.

10 MR. ROY HART: If I could share an
11 example, if that would help.

12 MR. CHRIS KLASSEN: By all means.

13 MR. ROY HART: So, we -- for example,
14 we run a software as a service model. We would not --
15 we would depend on the contractors that work for that
16 software as a service vendor to do all the maintenance
17 and work on that particular system. We would not run
18 that internally with internal resources because it
19 would be imprudent to do so.

20 It could be something where we only
21 need somebody for a very short period of time for a
22 project; or we want to do an assessment on something
23 and need a specific skillset. We can use a consultant
24 for that.

25 A sudden departure, where we have a

1 skilled resource that just left the Corporation. We
2 may need a consultant to help deal with that and so
3 forth.

4 So, there's a variety. I'm giving a
5 very small subset of scenarios where it could be the
6 case that we have an operational need, or a project
7 need, where the best choice is to bring in a
8 consultant to deal with short-term pressure.

9 When we hire staff, we're making a
10 long-term commitment that we need that particular
11 skillset and resource for the long term. And so, we
12 need to make good judgment calls as to when a
13 contractor is appropriate and when long-term staffing
14 situation is appropriate.

15 MR. CHRIS KLASSEN: Would you agree
16 that in general, sir, contractors are more expensive
17 than internal FTEs?

18 MR. ROY HART: So, in terms of -- if
19 you look at it from simply a cost-per-day calculation,
20 that shows up to be the case from that perspective.
21 However, sometimes, if you were to go through the
22 process of training somebody on something, taking all
23 the time it takes to train them on it for them to try
24 and get to the level of the experience and knowledge
25 that the consultant themselves bring in, you're

1 expending a significant amount of sunk cost on
2 training somebody on something that you might only
3 need for six (6) months.

4 And so, you have to make that balance
5 and choice about what is the best use of resources and
6 time and effort to deliver value for the Corporation
7 and for Manitobans.

8 MR. CHRIS KLASSEN: Thank you, Mr.
9 Hart. Madam Chair, thanks to the cooperation of the
10 panel, I've been able to shorten my questions and have
11 no more for the public record today. Thank you.

12 PANEL CHAIRPERSON: Thank you, Mr.
13 Klassen. Mr. Ireland ...? Ms. Sharman ...?

14 BOARD MEMBER SHARMAN: I do have a
15 couple of clarifying questions. Most of my questions
16 throughout the day were asked and answered. Ms. Dweh,
17 if you could bring up slide 33 of today's
18 presentation, please. Thank you. I just want to
19 clarify.

20 I -- I understand that this governance
21 model is for the execution of major programs as I saw
22 that major programs delivery, and it was very helpful
23 having that clarification that the technology sponsor
24 and solution sponsor remain the same throughout each
25 individual program.

1 So, in layman's language, I would
2 describe this as sort of that vertical governance
3 model, program by program. Now, I did hear as well
4 that there's a steering committee for each program.

5 Is that steering committee essentially
6 that sponsorship level in this governance model --

7 MR. ROY HART: Yes, that would --

8 BOARD MEMBER SHARMAN: -- program by
9 program?

10 MR. ROY HART: So, Roy Hart speaking.
11 So yes, there is a steering committee, and we review
12 all major programs at that same steering committee.
13 All executive participate in the steering committee,
14 and we run that separate from our regular executive
15 meeting because it's focused on specific -- the
16 specific programs and projects.

17 In addition, then of course, there's
18 the line of business activities that take place and
19 those are handled separately and would be in the lower
20 levels within this chart.

21 BOARD MEMBER SHARMAN: Thank you. You
22 anticipated my next couple of questions in that
23 regard. And just one other quick question. And that
24 is on the expanded governance, the vendor model. And
25 I understand that's an expanded one that I believe is

1 not yet in place. And I get, a different kind of
2 governance. It's not that project delivery. It's
3 more advisory.

4 And I understand that that vendor will
5 report to the technology committee, but I am wondering
6 what the intersection or communication channel may be
7 for -- you know, for the organization as looking at
8 the areas of focus. It is to provide advice about
9 ongoing risks and individual programs. So, I wouldn't
10 expect to see that role on this governance model
11 chart, but I am wondering how that intersection will
12 occur.

13 MR. ROY HART: So, I'll -- I'll start
14 with the current situation because we are going to
15 shift to a new situation.

16 We are at the tail end of a contract
17 that was awarded under the NOVA program for a
18 governance vendor. The governance vendor is MNP
19 currently. They meet with executive on a biweekly
20 basis. And so that would be myself with Satvir and
21 with Maria, my colleague Maria, on a biweekly basis to
22 discuss areas of concern and observations. And --
23 and the chair of the technology committee also attends
24 that -- that biweekly meeting.

25 In addition to that, then on a working

1 level, we have staff, mostly within Jen's area, but
2 also some of Shawn's team, work with that governance
3 vendor to review and provide documents, and to answer
4 the questions that -- that they ask, and then to
5 prepare management responses to any of the findings
6 and issues that the -- that they raise. All of that
7 is at the direction of the technology committee of the
8 Board.

9 What we're moving to is a new contract.
10 We expect that will be awarded and in place later this
11 winter or in early spring that will. That will --
12 now, at that point, it will then include all major
13 programs and the technology committee of the Board
14 will provide direction to that vendor in terms of what
15 they would like them to focus on. And we'll be asked,
16 what are the areas that are of concern to us as well.

17 And that's kind of a high level
18 description. I don't know if -- if there's -- if
19 there's more or does that ...

20 BOARD MEMBER SHARMAN: That's very
21 helpful. Thank you very much.

22 MR. ROY HART: Okay.

23 PANEL CHAIRPERSON: Thank you. I just
24 have a follow-up question on that. You've just
25 referred to the procurement process starting with the

1 hope that it will end early spring.

2 So, are you anticipating that there
3 will not be a gap between the end of the existing
4 contract and the new contractor starting?

5 MR. ROY HART: So, at this time, we
6 are doing everything that we can to make sure that we
7 don't have a gap. You know, hopefully we don't. It
8 is close timelines, but in transparency, there may be
9 a small gap, but we're -- we're doing everything we
10 can to minimize that.

11 PANEL CHAIRPERSON: Okay. Thank you,
12 Mr. Hart. And with regard to the MNP report that we
13 saw just a few minutes ago, you made reference, I
14 believe, to that being an internal audit report.

15 Is that correct?

16 MR. ROY HART: Yes. So MNP is our, at
17 this time, our governance vendor and our internal
18 auditor. So, they have two (2) roles. It's two (2)
19 separate teams. They look at different things and
20 they have different mandates.

21 PANEL CHAIRPERSON: Okay. Thank you
22 very much. And one last question.

23 With regard to the five-year rolling
24 roadmap, is that going to the executive committee in
25 November this year for '26/'27 for its approval and

1 then, ultimately, tech committee and the Board?

2 MR. ROY HART: So, we're working
3 through that. Our goal is that we have an approved
4 plan in -- this winter with our technology committee
5 of the Board but, as we mentioned, we're working
6 through developing that roadmap, and we may receive
7 more feedback, and we may need to do more work before
8 we get to an approved overall plan. That's kind of
9 where we are in the journey.

10 We've made a lot of steps since last
11 year and we acknowledge there's -- there's more to do
12 to make it meaningful and make it -- making it
13 resonate with all of our stakeholders.

14 PANEL CHAIRPERSON: Thank you, Mr.
15 Hart. Mr. Guerra ...?

16 MR. ANTHONY GUERRA: Thank you. And I
17 don't have a lot to re-examine on, but I do have a few
18 components to talk about.

19

20 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

21 MR. ANTHONY GUERRA: Can we go back to
22 MPI Exhibit No. 21, please, the closeout report.
23 Thank you, Ms. Dweh, and if we can go to page 7,
24 please.

25 Mr. Hart, you would have -- you would

1 recall questions asked of you by My Friends at the PUB
2 regarding the path forward and, in particular, the
3 strategy focus areas that are identified on this page?

4 MR. ROY HART: Yes.

5 MR. ANTHONY GUERRA: And the line of
6 questioning was regards -- in regards to how these
7 focus areas differ from focus areas that may have
8 already been addressed through Project NOVA. Correct?

9 MR. ROY HART: Yes.

10 MR. ANTHONY GUERRA: If we can just go
11 through these one by one.

12 The annual planning and budgeting, the
13 incremental funding unlocked through annual approvals
14 increasing accountability and oversight, would that
15 have been something that would've been a focus area of
16 Project NOVA?

17 MR. ROY HART: My answer to that would
18 be, it wasn't how Project NOVA was funded. It was
19 funded in a block -- block model, not with discreet
20 funding envelopes.

21 So, I -- I don't know if Mr. Dessler
22 might be able to answer that question better since I
23 wasn't here at the time, but it doesn't look like it
24 was funded through annual approvals.

25 MR. GARY DESSLER: Yeah. Gary here.

1 I mean, that's correct. So, we had, you know, a large
2 funding envelope. We did have individual projects
3 underneath that, and we did track cost to that, but we
4 didn't say SRE had -- you know, Release 1 had a -- got
5 approved at a certain cost, right, or project, you
6 know, Release 2 got allocated at a certain cost, and
7 approved. The whole program was approved, and then we
8 tracked and, you know, recorded the cost by Release.

9 MR. ANTHONY GUERRA: Thank you.

10 Regarding the holistic modernization, or the second
11 bullet point there:

12 "Integrating all Legacy system
13 replacements, not only the core
14 business systems included in
15 Project NOVA into a cohesive
16 synchronized roadmap not fragmented
17 projects."

18 Do you see that?

19 MR. ROY HART: Yes.

20 MR. ANTHONY GUERRA: And would that
21 have been consistent with the focus or approach for
22 Project NOVA?

23 MR. ROY HART: So, NOVA was
24 specifically focused on a handful of our Legacy
25 systems, and, yeah, did not include all of our core

1 business systems by any reasonable stretch, and was
2 not into a synchronized roadmap for anything beyond
3 what was in the scope of NOVA.

4 So, it excluded a large part of the
5 estate, and was not run as -- going back to the first
6 point, was not run with discreet project funding based
7 approach. So, I'm -- I can't say that it would have
8 been.

9 MR. ANTHONY GUERRA: Thank you.

10 MR. ROY HART: Following that.

11 MR. ANTHONY GUERRA: Mr. Dessler, did
12 you want to add anything or are you okay?

13 MR. CHRIS DRESSLER: Okay.

14 MR. ANTHONY GUERRA: And then the
15 final point, the transparent governance. A new
16 governance structure to ensure roles, responsibilities
17 and outcomes are clearly defined and tracked.

18 Would you be able to comment on the
19 difference again, between the focus under Project
20 NOVA?

21 MR. ROY HART: Yes, I can. So, from
22 my perspective, one of the first issues that I
23 encountered upon joining the Corporation was this
24 specific problem around unclear governance and
25 decision-making.

1 And we have made significant changes to
2 improve governance and transparency. And I think
3 we've shared that today, counsel.

4 MR. ANTHONY GUERRA: Thank you. Now,
5 Ms. Dweh, if I can ask you to see if we can backtrack
6 to the information request CC/MPI-2-12. Thank you
7 very much. And if we can go back to figure 1, please.
8 Yes, thank you very much.

9 Mr. Hart, do you recall the line of
10 questioning regards to this figure on the
11 appropriateness of the NPV or a Net Present Value, in
12 this case, the negative Net Present Value of these
13 major programs?

14 MR. ROY HART: Yes.

15 MR. ANTHONY GUERRA: Can you walk us
16 through just at a high level, or an example, in terms
17 of, let's say, for example, the BI-3 upgrade.

18 What would happen in the case of MPI
19 losing its ability to utilize that program?

20 MR. ROY HART: So not being a subject
21 matter expert in claims administration, I will caveat
22 my answer with that.

23 The -- the biggest impact of losing
24 that system is not being able to process personal
25 injury claims and service Manitobans at the -- at the

1 highest level.

2 MR. ANTHONY GUERRA: And what about
3 the ERP or Enterprise Resource Planning platform?

4 MR. ROY HART: So, our ERP, our
5 Enterprise Resource Planning platform deals with all
6 of our financials, and our human resources.

7 Perhaps the most critical thing that we
8 would not be able to do and is normally the number one
9 thing to do inside a Corporation is not be able to run
10 payroll.

11 MR. ANTHONY GUERRA: Now, we heard
12 previously -- or this Board perhaps is recalling
13 previous instances where the use -- or the term end-
14 of-life was used by panels.

15 Can you help us understand when we talk
16 about these programs at end-of-life, how might this
17 differ, or does it differ, from how end-of-life may
18 have been used as a -- as a term with regards to the
19 critical systems that were addressed, or to be
20 addressed under Project NOVA?

21 MR. ROY HART: Yes. So, the simplest
22 way to look at this is these are software products
23 that we purchase. And so, we are subject to the
24 lifecycle management of the company that is providing
25 that software product. If they choose to end support,

1 if they choose to sell their product to another
2 company, any number of choices could happen. We have
3 to deal with that. And that could make it end-of-life
4 for us. End-of-support means end-of-life. They're no
5 longer supporting it. In the case of Enterprise
6 Resource Planning, no longer being able to get payroll
7 table updates, and critical impacts like that as -- as
8 examples.

9 For our Legacy systems, like CARS and
10 AOL, those are homegrown custom products that aren't
11 licensed. We're not subjected to license agreements
12 for those. We're not subjected to a development cycle
13 or a business plan outside of the control of MPI. And
14 then the question -- I think that answers the
15 question, Anthony.

16 MR. ANTHONY GUERRA: Thank you.

17 MR. ROY HART: Yeah.

18 MR. ANTHONY GUERRA: And I have one
19 final question, and I don't know that we need to pull
20 up the reference.

21 This is a question for you, Ms. Kauk.
22 If you recall, there was reference to an Information
23 Request in this case, PUB-1-95, where there was
24 comparison between the forecasts for FTE or internal
25 resources and forecasts for consultants.

1 Do you recall that?

2 MS. SABRINA KAUK: Yeah.

3 MR. ANTHONY GUERRA: And questions
4 were posed in terms of, does this represent what MPI
5 expects for its capacity use going forward, or -- I'm
6 paraphrasing there, but I'm -- I'm trying to summarize
7 the line of questioning.

8 Do you have any additional comments in
9 terms of how MPI views that?

10 MS. SABRINA KAUK: Yes. So, those
11 exhibits included both internal FTE and forecasted
12 consultant dollars. So, for our internal FTE, we've
13 submitted in this Application to hold a flat ceiling
14 across the organization of two thousand eighty-nine
15 (2,089) FTE. And that is what we are committed to
16 sticking to. So, we are not forecasting to increase
17 internal FTE.

18 For consultants, the way that we
19 forecast those dollars and have presented them in this
20 application, that number is an implied FTE equivalent
21 because some consultants might work not an FTE
22 equivalent of a full working day. So that's the FTE
23 equivalent within the dollars that we've represented
24 for external consulting within the forecast.

25 Historically, that presentation of

1 eighty (80) was a ceiling of consultants. It actually
2 wasn't an equated -- an equate one-for-one to the
3 dollars. So, we just wanted to make that distinction.

4 The dollars for consultants will
5 fluctuate as will that implied FTE count depending on
6 what projects, specifically, we're working on and
7 what's aligned to the IT roadmap that is presented at
8 that time.

9 MR. ANTHONY GUERRA: Okay. Thank you.
10 I have no further questions.

11 PANEL CHAIRPERSON: Thank you very
12 much, Mr. Guerra.

13 Mr. Andres, do I understand that
14 tomorrow morning we will be able to start with the
15 confidential panel?

16 MR. TODD ANDRES: That's my
17 understanding, Madam Chair, yes.

18 PANEL CHAIRPERSON: Thank you very
19 much to the panel. And we'll see you tomorrow morning
20 at nine o'clock.

21

22 --- Upon adjourning at 4:01 p.m.

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Certified Correct,

Wendy Woodworth, Ms.