WCB
Workers Compensation
Board of Manitoba

Board of Directors Meeting
January 25, 2023 at 12:00 noon
16th floor Diligence Training Room
Video Conference
363 Broadway, Winnipeg MB

Present:

Michael Werier, Chair of the Board of Directors (Video)

Richard Deacon, President & CEO (ex officio) (Video)

Glenn Hildebrand   Randal Smith

Jean-Guy Bourgeois (Video)   Sylvia Farley   Marc Lafond

Michael Bereziak   Yvette Milner (Video)   Ron Koslowsky

Being a quorum of the Board of Directors under *The Workers Compensation Act.*

Also Attending:

Vince Jordan, Vice President & Chief Technology Officer (CTO)

Renzo Borgesa, Vice President Strategy, Innovation & Transformation (SIT)

Lon Tiggelaar, VP & Principal Consultant, Insurance Practice Leader, Linea Solutions Inc.

Scott Greenlay, External Member, WCB Audit Committee

Cathy Skinner, Vice President, Legal, Compliance & Corporate Services (LCCS)

Heather Baete, Recording Secretary

Candace Crossland, CEO Office Liaison

Regrets:

Ranbir Dhillon, Director

Call to Order

The meeting was called to order at 12:03 p.m. The agenda was confirmed as circulated.

The Chair noted regrets were received from Ranbir Dhillon. Scott Greenlay, External member of the Audit Committee and former Lead Partner in IT Consulting at MNP was welcomed to the meeting.

As well, the VP & Chief Technology Officer, the VP Strategy, Innovation & Transformation and Lon Tiggelaar, VP & Prinicpal Consultant - Insurance Practice Leader, Linea Solutions Inc. were welcomed to the meeting and introduced.

The Chair reminded Board members to complete the Evaluation surveys they had received.

With respect to the ICD Short Course, Digital Transformation from the Boardroom, the Chair noted the restriction imposed by the ICD that there be a maximum of five participants from any one company. He asked labour and public interest to each chose two representatives to attend the February 23 offering of the course.

Conflict of Interest Declaration

There were no items to declare.

Supporting Material

Digital Modernization Program Presentation

The CEO introduced discussion noting that in the foundational phase of the project there is no impact on the WCB financials. As the project plan is built out there will be more detailed financials provided.

The CEO reviewed the drivers for change which include technology obsolescence and the need to provide enhanced customer service to address the shifting demographics and customer expectations and to provide multilingual and culturally sensitive services.

The CTO provided an overview of the findings of the in-depth review of existing IT capabilities that included benchmarking by Gartner, lessons learned from other jurisdictions, focus groups and working with a third party consultant.

Mr. Lon Tiggelaar, Linea Solutions Inc., reviewed the background and expertise that Linea brings to the table noting their experience with WCBs, pension and group insurance operations.

The CTO reported the WCB currently has over 20 application operations where ideally there should be one application and one software stack. He reported that these legacy systems have contributed to the WCB's inability to meet the conditions required to obtain insurance. The CTO advised there are new software packages available that are designed for conducting WCB business. The CTO reviewed the four main options to modernize the legacy systems. He noted most jurisdictions have chosen to replace their systems rather than try to bring them up to current technological standards.

The External Audit Committee member provided cautionary comments noting that many large projects of this type fail because they see the project as an information technology project rather than a people/change management issue. There was discussion about the importance of appropriately staffing the project and engaging the workforce.

The VP, SIT reported the proposed program approach enables the WCB to deliver on its current vision and mission. The replacement of the legacy systems will allow for better security and enables the organization to implement a comprehensive engagement platform. There was discussion about the types of software packages available and the level of customization that might be required.

It was noted that return on investment (ROI) should not be used as a criteria to define the success of this project. The WCB must ensure that whatever system is selected provides value for money and that it can be demonstrated the organization has paid the right amount. There was discussion about the proposed WCB app that would be built in the foundational phase of the project and what services would be available to workers.

The program approach was reviewed. The Administration reported that they plan on breaking each of the project phases into 12 month segments to minimize financial risk and scope creep. The program outcomes were reviewed. The Board discussed the pre-RFP costing estimates. It was noted funding for the foundational phase has been accounted for in the approved budget. Once that phase is completed, the estimated costs for Phase 2 should be clearer. The CEO noted that currency risk and IT risk will impact the project's costs, so they will be asking for funding one year at a time. The CTO noted there will be a considerable investment required in the next few years in order to transition off the legacy systems. It is expected that there will be an increase in IT costs in order to get trained staff. The CTO indicated that this will not affect the funding ratio of 130%.

The VP, SIT reviewed the various Board approvals that will be required and the Board decision points. He also noted there will also be pivot points after Phase 1 and 2. He reported that Phase 3, which is the active engagement piece, can be address at the conclusion of Phase 2, and decisions made on what the organization wants to do. A Board member suggested that consideration be given to having a third party committee oversee the project. The Board was interested in the financial implications over the five years to the Board's financial health and the funding ratio. The CEO reported that as the Administration works through the foundational phase they will be able to determine how much the core solution will cost and how it will impact the funding ratio. He reported in 12 - 18 months the Administration will have a better idea on the cost of the project and the impact to the financial statements and the funding ratios will be included at that time.

Mr. Tiggelaar provided some background information on the experiences of several Canadian jurisdictions as they addressed their IT needs and challenges as well as the lessons learned from these entities. He reported that failure to assess the underpinning of the IT capabilities, not having a comprehensive implementation and change management plan and delays in selection of vendors have all impacted the costs of projects at other WCBs.

The CTO discussed the shortfalls of the Ontario project noting that the package they selected did not meet their needs and so there was a high level of

customization and integration back into old systems. Today, the packages are far better, however, the business must be clear on what they would like to look like in order to make the right product decision. The CTO noted projects at some other Boards initially thought they would be able to deliver on the promise that they would be able to reduce staff head count, this ended up not being feasible. The CEO reported that there is an expectation that there could be a slight increase in staff.

The Board discussed the recent news articles around the MPI technology project that has experienced cost and time overruns noting one of the findings was that there was an excessive reliance on external vendors and a lack of internal expertise. The CEO reported that these types of challenges can be mitigated by proper vendor management, knowing the end state the WCB is striving for and ensuring that the vendor and the WCB team are a good fit. With respect to human resource capabilities, the CEO reported that training will be required as well as external resources. The business process team must be the driver of the change.

The External Audit Committee member briefed the Board on some of the issues that MPI faced including turnover in vendors and staff, major turnover of executive, insufficient expertise of staff to manage the vendors, staff resistance to change, and the lack of consideration on how to keep vendors accountable. He noted that breaking a project down into smaller projects reduces risk. He also suggested that when dollar estimates are given for the components of the project, that they should also include the administration's confidence in the accuracy of the projection. In response to a question, the CEO acknowledged that the active engagement component of the project is severable.

For Decision

Digital Modernization Program Approach
(Board Order No. 01/23)

The President & CEO introduced this item. Clarification was sought by the Board relating to the languages and other items referenced in Phase 3 and concern was raised that the active engagement was not well defined. The Board asked to be provided with the Legal Opinion that was referenced at the Strategic Planning Meeting. It was noted that a clear vision and idea of where we are going it crucial to the success of the project. The CEO advised that the WCB is restricted to engaging with workers who are already in the system. He also suggested that the Board could defer consideration of Phase 3 which is the active engagement component, however it would not change the decision currently before them. He noted that Phase 3 could be worked through in a strategy session at a later date.

The VP, LCCS provided further details of the external legal opinion and noted there are jurisdictional and privacy implications associated with the use of worker data.

The Board was advised that there would be minimal extra costs involved with building the system to enable the active engagement phase.

On motion duly made and carried,

BE IT RESOLVED THAT the Board of Directors approve in principle the Administration's proposed approach to digital modernization.

Digital Modernization - Foundation Phase

(Board Order No. 02/23)

The President & CEO introduced this item. There was discussion about the Foundation Phase and the importance of laying the groundwork to the success of the project. The WCB currently does not have the people or processes necessary to successfully undertake the Digital Modernization program. The VP, SIT reviewed the fundamental gaps that exist at the WCB which are essential to the success of the project including procurement function, change management, governance structure and changing business processes.

The CEO noted that procurement includes managing and interacting with the vendors that are retained. Some of the activities planned in Year 1 were reviewed including data conversion, vendor management and the development of a worker app by the end of the year.

On motion duly made and carried,

BE IT RESOLVED THAT the Board of Directors approve Digital Modernization - Foundation Phase.

Other Business

No other business

In Camera Discussion

The Board of Directors adjourned to an *in camera* session.

Conclusion

As all matters coming before the Board had been dealt with, the meeting concluded at 2:35 p.m.

The next meeting will be held on Thursday February 23rd at 1:30 pm.