Workplace Support Services

Alliance Management Office Report – December 2006

Report Against Project Goals

1. Initiative Overview

Government is transforming the delivery of non-core public services to a more cost-effective and efficient model through the use of contractual relationships with the private sector. Alternative service delivery is a key method for achieving government's vision of focusing on core government services and delivering value to the people of the Province of British Columbia, rather than delivering non-core public services.

In December 2004, the Government of British Columbia and IBM Canada Limited entered into an alternative service delivery agreement to deliver government's workstation services and manage the related technology infrastructure. The objective of the agreement is to deliver efficient, effective services that meet or exceed the standards of quality expected by ministries and public servants. These services are delivered to approximately 30,000 employees in 22 government ministries, agencies and Crown corporations. Workplace Technology Services, Shared Services BC, manages the contract on behalf of the Province.

IBM Canada Limited was selected, through a competitive procurement process, as the service provider of workplace support and related technology services. IBM Canada Limited was the successful proponent because it demonstrated the ability to deliver and achieve the following outsourcing objectives:

- transfer of financial and operational risk from government to the service provider;
- transfer of important but non-core government services to the service provider with government retaining a few key employees focusing on strategy, technical architecture, business management and service management;
- realization of benefits through the relationship, including cost reduction and investment by the service provider;
- provide similar services to other public sector organizations, leveraging the benefits realized from the cost reductions and investment made by the service provider; and
- grow and expand the services to other public sector organizations in the province.

Over the longer term, the strategic vision includes enhanced workplace support service capabilities and improved service delivery to not only government employees but to the broader public sector employees around the province.

This report reflects the events of the first two years of the relationship, in which:

- transition from the Province to IBM Canada Limited has been completed, including relocation and consolidation of many services to a new service delivery centre;

- operations and technology infrastructure have been stabilized post-transition;
- service commitments are in place and being reported on and refined; and
- groundwork has been established to begin positioning the business into a marketable entity, allowing for additional public sector organizations to leverage the agreement, which could result in further savings to the Province.

The agreement between the Province and IBM Canada Limited is worth approximately $300 million dollars (this cost includes hardware purchases, such as desktops, laptops and related workstation products) over a 10-year period. Targeted financial benefits are $80 million over the 10-year period, with savings commencing in the third year of the agreement.

2. **Status Update (first and second year)**

   <u>**YEAR ONE HIGHLIGHTS**</u>

   Year One

   - ***Cost Savings to the Province of B.C.***

     - Savings in the first year of the agreement were $0.75 million as a result of agreed-upon IBM fee reductions. In addition, $2.4 million was saved through desktop, laptop and related workstation hardware price discounts included in the agreement's structure. These savings are consistent with the forecasted financial benefits expected over the 10-year contract term.

   - ***Staff Transition***

     - In December 2004, offers of employment were extended to all existing B.C. government staff who delivered the services that were being transferred to IBM Canada Limited. Over 92 percent (173 staff) of eligible staff transferred to ISM Information Systems Management Canada Corporation, a subsidiary of IBM Canada Limited. Employee remuneration and benefits continued at levels comparable to government.

   - ***Service Level Reporting and Service Commitments***

     - Service delivery commitments are defined, measured, and reported monthly - providing the ability to track improvements and service enhancements. The majority of the service commitments were not previously measured or reported consistently across the province prior to the transfer.

- *Service Centre*

  - By June 2005, the majority of ministry information technology calls were moved from multiple service desks to a single service desk. The move was completed within the scheduled timeframe. In addition, a secondary off-site disaster recovery process, with the ability to direct service centre calls to an alternate IBM Canada Limited site, was developed as part of an enhanced business continuity plan.

  - In June 2005, many separate service delivery locations and offices were brought together to deliver services from a consolidated new location. Services that were previously delivered from separate locations now benefit from operating as one unit at a new facility. Establishment of the Service Centre in Saanich has maintained valuable technology jobs and, therefore, has provided an economic benefit to the British Columbia economy, as well as increasing efficiency of operations**.**

- *24/7 Contact Centre*

  - By September 2005, IBM Canada Limited implemented a single point of contact telephone number for the delivery of services 24 hours a day, seven days a week, 365 days a year. Prior to entering into the agreement, this level of support would have been too expensive to implement and maintain by a single ministry. Systems used to measure call volume and response times indicate response and resolution targets are improved. Prior to entering into the agreement these measures were not tracked consistently across the province. Creation and implementation of new service delivery metrics is facilitating trend and service level analysis.

- *Post Election Ministry Changes*

  - In July 2005, following the May election, a number of ministries were reorganized or amalgamated. As a result, more than 2,700 provincial employees were transferred to different divisions or ministries within government. IBM Canada Limited assembled a dedicated team to accommodate the necessary adjustments associated with the transfers.

- *IBM Canada Limited Management Team*

  - In addition to the employees who work for IBM Canada Limited and its subsidiary, ISM Canada, to support service delivery directly to the Province, IBM Canada Limited created and filled a number of senior level positions to manage the provision of services to the Province in 2004 and 2005. The individuals selected to fill these positions possess industry expertise that complements the existing team and leads the transformation of the ongoing operations.

- *Business Continuity Enablement*

  - IBM Canada Limited designs many of its service components to enable continuity in the event of a service interruption. For example, all service delivery staff are able to work mobile, allowing them to support ministry needs at any time, such as during unexpected weather conditions that impede travel.

  - In addition, IBM has assisted the Province with maintaining government services in the event of unplanned events. As an example of this business continuity enablement, in June 2005, 810 Blanshard received results of air quality testing indicating low levels of the bacteria responsible for Legionnaires Disease. A decision was made to immediately evacuate the building. Over one weekend, Shared Services, with support from IBM Canada Limited, was successful in providing temporary accommodation, phones, network access and work stations for 142 individuals. These employees were kept together in their workgroups and were able to continue to provide government services by Monday morning, with little to no disruption.

YEAR TWO HIGHLIGHTS

Year Two Cost Savings to the Province of .BC.

  - Savings in the second year of the agreement were $1.6 million as a result of agreed IBM fee reductions. In addition, $3.6 million was saved through hardware price discounts included in the agreement's structure. These savings are consistent with the forecasted financial benefits expected over the 10-year contract term.

- *Service Level Reporting and Service Commitments*

  - The government-wide workstation refresh ("Refresh") enhanced the maturity of services by stabilizing service levels and increasing the ability to measure direct service outcomes for ministries in a consistent and repeatable method. As a result, ministries are better able to plan their integrated services with business partners and their service delivery to citizens.

  - In addition, service delivery commitments are defined, measured and reported monthly - providing proof of quality improvements and service enhancements. The majority of the service commitments were not previously measured or reported consistently during the time the Province delivered the service.

- *Refresh of Workstations*

  - Workplace Technology Services and IBM Canada Limited completed a provincial government workstation refresh, including the planning and implementation of the project in 22 months - two months ahead of schedule.

Primary project goals were: employing standardization; improving service; and implementing best practices.

- The Refresh created a consistent environment, resulting in the ability to deploy new security-related software products across ministries, and throughout the province, in less than three days.

- *Business Continuity Enablement*

  - Service and product consistency through Refresh provided the ability to quickly respond to and meet the Province's emergency requirements. This includes rapid and unproblematic deployment of a significant volume of hardware to all sites across the province. Drawing on the Province's shared asset inventory, ministries can access equipment, when required, during unplanned events.

  - As an example of business continuity enablement, in late 2006, the potential of overheating laptop batteries from a major manufacturer was reported to consumers. This issue impacted most market leading laptop manufacturers, including the Province's Lenovo laptop products. Due to IBM Canada Limited's implementation of a tracking process on new assets, the Province was able to identify the impacted laptops in less than three days, and then locate the laptops and rectify the matter within an additional two days. This enabled a rapid resolution to a potential safety issue. In the past, this process would have taken months, with a high probability of the "recall" not being accurate.

  - Of the 30,000 provincial government employees, approximately 21,000 live and work in Greater Victoria and Lower Mainland areas. In November 2006, almost 23 centimetres of snow fell over two days in these two areas. The snowfall resulted in many public servants being unable to travel to work.

  - Based on estimates from two large government offices, only 30 percent of government employees came to work on November 27, 2006 – this means 14,500 employees in the Greater Victoria and Lower Mainland areas stayed home due to the snow. For employees who stayed at home and had power and a personal computer, there were two ways they could work "virtually" – access e-mail through the web (called "Spring") or Blackberry; or access their full workstation through the Desktop Terminal Service (DTS), managed by IBM and its service delivery partners. On a typical workday, 1,200 employees access DTS; however, on Monday, November 27, 2,400 employees logged-on, an increase of 100 percent. On Monday "Spring" use, the web access to government e-mail accounts, increased by 300 percent. The weather had no impact on the Help Desk, as there was sufficient staff available to meet all demands. This was enabled through a comprehensive mobility program for Help Desk staff, whereby they can provide Help Desk services from their homes.

- *Improved Security of Government Workstations*

  - Less than two years ago, viruses would have brought the majority of government users to a standstill for hours, or worse, days. There are significant costs associated with these outages, including workstation cleanup and repairs, and loss of public servant productivity. However, with the implementation of more standardized hardware and software across government, combined with the implementation of automatic software deployment tools, at least three major virus events were avoided in the last twelve months. As an example, the world considered W32Zotob a major problem in August 2006, while only less than one percent of our ministries were affected. Affected ministries were provided immediate assistance and their problems resolved in less than three days.

- *Modern Tools for Government*

  - In 2004, approximately one third of the Province was working with technology that was five years old or older, including old versions of office productivity software and workstations that were beyond the average lifespan of three years. The Refresh Project (detailed below) enabled rapid transition to modern tools across the provincial workforce, thereby gaining currency and interoperability with major business partners and citizens.

- *Benefits from Standardization*

  - Prior to the Refresh of workstations, standardization of operating systems and applications was limited within the public sector. Government applications are now standardized, therefore providing cost-avoidance in troubleshooting problems. Volume discounts have been realized through aggregated software demand. Further, standardization provides a consistency across ministries, which enhances work product sharing between ministries at a level never possible before, as well as portability of training as staff move from one ministry to another.

  - The replacement of 30,000 government workstations (the "Refresh Project") resulted in increased reliability and availability of the technology that supports public servants who provide services to more than four million citizens. The Refresh Project has been one of the most leading edge, complex workstation standardization projects within the public sector in North America. The Refresh Project involved delivering roughly 30,000 workstations to more than 1,500 offices, affecting 22 unique ministries with 30,000 distinct customer needs. Adding to the complexity, the Refresh Project was required to replace all workstations over a short timeframe across a large geographical region. The project was completed two months ahead of the planned 24-month schedule.

  - The Refresh Project also helped simplify the complexity of workstation services. For example, prior to Refresh the Province had more than 100 unique workstation images; following Refresh, the number of images was decreased to four key enterprise images, greatly reducing the need to test applications

intended for use across all ministries. In addition, prior to Refresh there were more than 6,000 different types of commercial software products (including multiple versions of the same products) in use across the province. During the workstation Refresh, this number was reduced to less than 2,000 titles. As a result, common titles save testing and training for all ministries and reduce service costs as a result of reduced complexity.

- *Ministry and Provincial Employee Satisfaction*

  - Ministry and provincial employee satisfaction has been monitored formally and informally. An online survey was undertaken to measure overall satisfaction of provincial employees with their new workstations. Approximately 85 percent of provincial employees were very satisfied, satisfied, or neutral with the replacement of their workstation.

3. **Challenges:**

1) **Commitment to Standardization**

Through the implementation of the contract with IBM Canada Limited, including Refresh, the Province implemented workstation and related software standards. While standardization is a best practice and has many benefits, such as cost savings, greater ability to deploy new software applications across ministries and the Province as a whole, and avoid impact of major viruses, there are also trade-offs to standardization, such as less flexibility for individual ministries. The challenge is to balance the unique needs of ministries, while also obtaining the most benefits for government overall.

Mitigation Strategy: The first Refresh was able to establish standardization of workstations and related software across the province. Future refresh projects can leverage the foundation established in the first Refresh to accommodate more ministries' unique business needs through increased flexibility. In addition, through the development and use of standard software deployment processes, ministries can enable program delivery by electronically and rapidly adding ministry-specific software applications to the standardized workstations.

2) **Complexity of Delivering Services**

Delivering workstation services to the Province includes roughly 30,000 workstations to more than 1,500 offices, affecting 22 unique ministries with 30,000 distinct customer needs.

Mitigation Strategy: Workplace Technology Services and IBM Canada Limited worked together to address the complexity of delivering services through establishing the following:

- Standardization of all processes required to deliver workstation support services, such as those for providing Help Desk services, security patching and software installation, among others;

- Ministry engagement forums, which provide the ability for ministries to provide input, feedback and guidance as part of major initiatives and continuous improvement efforts; and
- Amalgamation of information technology expertise in Shared Services and IBM Canada Limited to create mutually beneficial outcomes.
  IBM Canada Limited also has the ability to extend its reach into IBM world-wide to address complex issues that require this level of expertise.

4. Contract Objectives

The alternative service delivery relationship, as defined in the Master Services Agreement signed on December 3, 2004, includes a number of objectives, which are summarized as follows:

- Ongoing reduction of annual cost for a workstation over the 2004/05 fiscal year cost;
- Implement rapid advancement of standardization of technology and service levels within regions;
- A high rate of continual improvement in service levels to achieve "Best-in-Class" standards, as soon as possible;
- Establish and maintain positive and productive working relationships with Workplace Technology Services and other ministries; and
- Enable a rapid transition to the new service delivery model.

Collectively, the Province and IBM Canada Limited have demonstrated substantial progress towards the identified objectives (Appendix A). Efforts in support of the business objectives will be ongoing over the duration of the alternative service delivery relationship.

CONTRACT OBJECTIVES: Reporting on Results

The alternative service delivery relationship with IBM Canada Limited is guided by the objectives as set out in the Master Services Agreement signed December 3, 2004.

Objective 1

Ongoing reduction of annual workstation cost from the 2004/05 fiscal year cost.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
• Transfer full responsibility for workstations to IBM Canada Limited.	• Transferred workstations on December 6, 2006 • IBM Canada Limited delivered the services to the Province for a fixed annual fee. The fee continues to decrease over the 10-year term of the contract. • Reaped 6 percent average savings over a year on IBM Canada Limited service costs.

Objective 2

Implement rapid advancement of standardization of equipment and regionalized service levels.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
• Initiate a major Refresh of workstation technologies, including related peripherals. • Enable delivery and measurement of regional services through implementation of current industry standard tools and processes as part of transition.	• Completed the workstation Refresh two months ahead of the 24-month plan. • Completed the implementation of a Microsoft 2003 System Management Server (SMS) infrastructure, including training of staff to use the enhanced toolset effectively. • Implemented a single enterprise image for all workstations, including desktop terminal services.

Objective 3

A high rate of continual improvement in service levels to achieve Best-in-Class standards as soon as possible.

Activities	Results To-Date
• Adopt a single manufacturer approach to all standard workstation products. • Use common processes and tools. • Promote integration with Province's information technologies (like network, servers, etc). • Report service levels monthly across government and quarterly for ministries.	• 95 percent of all workstations deployed through the Refresh Project were from a single manufacturer (Lenovo). • Peregrine AssetCentre and ServiceCentre were implemented across the service delivery team and ministries, streamlining all processes and managing all transaction records within a single tool resulting in continuous service improvement. • Service level reporting was implemented and is reviewed monthly with the Workplace Technology Services' team, and quarterly with ministries.

Objective 4

Establish and maintain positive and productive working relationships with Workplace Technology Services and the ministries.

Activities	Results To-Date
• Establish a strong and healthy relationship between Workplace Technology Services and IBM. • Engage ministries through ministry forums. • Continue to monitor ministry service satisfaction.	• Weekly meetings with Workplace Technology Services and IBM Executive were held to monitor progress and jointly plan future activities. • Numerous ministry forums were formed and used as a tool for ministry engagement. Forums included: Transition Champions, Technical Services Advisory Council Operational Issue Forum, Workstation Standards Council, the Software Standards Working Group, among other groups. • Workplace Technology Services expanded the number of Workplace Technology Service's ministry service representatives to work directly with ministries on their workstation service related issues. • Ministries were invited to attend meetings, which were held across the province, with Workplace Technology Services' executives. These meetings provided an opportunity for regional employees to be educated and engaged on Workplace Technology Services' services and the business of information technology.

Objective 5

Enable a rapid transition to the new service delivery model.

Activities	Results To-Date
• Move ministries to a single service support model in the first year. • Transfer existing workstation software patches and update software infrastructure to the Service Provider.	• All ministries used the shared Service Desk support service. • All but two ministries have moved their service desk operations to the Shared Service model. Plans to have these last two ministries join are underway. • ID administration, for all but 3 ministries, has moved to the Shared Service model. Discussions are underway to have these last ministries join. • All Refreshed workstations use the Shared Service central workstation software patch and update infrastructure.