Solution Integration Phase

Alternate Service Delivery (ASD)

Project Summary

Final

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1.0 EXECUTIVE SUMMARY

The purpose of this report is to provide the public and interested stakeholders with a summary of final outcomes and benefits to be achieved from the Pan-Canadian Public Health Communicable Disease Surveillance and Management Project.

The Pan-Canadian Public Health Communicable Disease Surveillance and Management Project will develop an integrated public health surveillance solution system, focused on the management of communicable diseases. This system, named "Panorama", will provide public health officials with the real-time ability to collect, share and analyze health information critical for managing health problems such as SARS, Avian Flu and other communicable diseases in Canada.

The project to build Panorama has included multiple phases, and has been led by British Columbia on behalf of all provincial and territorial jurisdictions across Canada. The project is co-sponsored by British Columbia and Canada Health Infoway and is governed by a Steering Committee made up of executive-level public health and information technology representatives from all provincial and territorial jurisdictions, as well as Health Canada, the Public Health Agency of Canada (PHAC), and other key stakeholders.

The project will deliver public health surveillance systems software, including applicable documentation, in such quality as to be implemented by the provincial and territorial jurisdictions. In addition, the project will provide the vehicle for the long-term sustainment of the Panorama product by means of a pan-Canadian product management board and renewal maintenance agreements for up to 5 years.

Panorama is an Alternative Service Delivery (ASD) project. ASD initiatives aim to harness the combined creativity of the private and public sectors using new technologies, management practices and organizational structures to optimize service delivery to citizens. A master agreement was entered into as of May 19, 2006, between IBM Canada Limited (IBM Canada), a Canadian federal company, and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the BC Minister of Health (the "Project Coordinator"). IBM Canada is highly committed to build a solution that meets the needs of the Project Coordinator, as defined in the solution definition document. The master agreement specifies that, starting in June 2006, IBM Canada will build a solution and provide base licenses for the solution for $27.7 million and provides for ongoing sustainment of the product for up to 5 years.

IBM Canada will deliver services to the Province for a fixed build fee and a capped annual maintenance fee. When compared to public sector comparators, the build and initial license fee represents between $2.7M - $61.9M in potential cost avoidance. The capped $5.4M maintenance fee represents a potential yearly savings of between $2.1 - $14.2M per year in potential cost avoidance.

Please note that the agreement with IBM Canada has been subsequently amended and this summary does not reflect those changes.

2.0 PROJECT BACKGROUND, RATIONALE AND SCOPE

2.1 BACKGROUND

In 2004, the Federal Government and Canada Health Infoway invited public health experts from across Canada to come together to decide what kind of improved information management tools the public health community needs to help manage communicable disease outbreaks and immunization programs.

Following the SARS outbreak of 2002/2003, many experts said that Canada must strengthen public health infrastructure in order to be ready for the next major outbreak. We needed to create "*a truly collaborative framework among different levels of government*"; a challenge in a fragmented multi-jurisdictional system like ours.

The Government of Canada granted Infoway the mandate to work with Canada's provincial, territorial and federal governments to develop an integrated public health surveillance solution system (Panorama), focused on the management of communicable diseases. Panorama will support public health officials in collecting, sharing and analyzing health information critical for managing health problems such as SARS, Avian Flu and other communicable diseases in Canada. Health Surveillance is defined as

> *"…the tracking and forecasting of any health event or health determinant through the continuous collection of high-quality data, the integration, analysis and interpretation of those data into surveillance products such as reports, advisories and warnings and the dissemination of those surveillance products to those who need to know."*

Source: Proposal to Develop a Network for Health Surveillance in Canada

The project to build Panorama has included multiple phases, and has been led by British Columbia on behalf of all provincial and territorial jurisdictions across Canada. The project is co-sponsored by British Columbia and Infoway, and is governed by a Steering Committee made up of executive-level public health and information technology representatives from all provincial and territorial jurisdictions, as well as Health Canada, the Public Health Agency of Canada (PHAC), and other key stakeholders.

- The first phase ended in December 2004, and produced a Conceptual Solution Architecture, Needs Assessment and Implementation Strategy for the system.

- The second phase finished in April 2005 and produced an iPHIS Analysis, Requirements Analysis and Solution Specification.

- The third phase – Detailed Design and Architecture – finished in March 2006 and produced a Joint Solution Request for Proposals, issued September 22, 2005, which resulted in Joint Solution Definition activities and the selection of a systems integrator to put the system together.

- The current phase – Solution Integration – will develop, integrate and test Panorama, the Health Surveillance solution components being assembled by the systems integrator.

2.2 RATIONALE AND PROJECT OBJECTIVES

Panorama will enhance the ability of public health professionals to work within and across multi-disciplinary teams, regions, provinces and territories in order to:

- Improve health outcomes related to communicable diseases;

- Identify, investigate and manage communicable disease cases and contacts;

- Identify, investigate and manage communicable disease outbreaks and risks to the public's health related to communicable diseases;

- Manage immunization programs efficiently;

- Communicate important public health information related to communicable diseases through alerts and notifications; and

- Conduct research and analysis to support improved preparedness for future communicable disease outbreaks and risks to health related to communicable diseases.

2.3 PROJECT SCOPE

The scope of services in the final contract with IBM Canada is comprised of two aspects that together will provide for the initial solution integration and long-term maintenance.

1. Panorama application development, containing the following components:

- Communicable Disease Case Management;

- Outbreak Management;

- Immunization Management;

- Work Management;

- Notifications Management; and

- Materials and Vaccine Inventory Management.

2. Panorama application maintenance including:

- Tier 3 application support;

- Ongoing break – fix; and

- Ongoing enhancements;

3.0 COMPETITIVE SELECTION PROCESS

3.1 JOINT SOLUTION PROCUREMENT

In traditional procurement processes, government decides on a solution to a problem and then invites private sector vendors to bid on the detailed specifications. Vendors must bid on and build within those pre-determined parameters. This approach does not allow vendors to propose alternative solutions that would achieve the desired outcomes in creative and potentially more effective ways. Nor does it allow vendors to make use of the experience and ideas of government staff to develop or tailor creative alternatives.

In approaching procurement for Panorama, the project steering committee decided to use a Joint Solution Procurement (JSP) process and issue a Joint Solution Request for Proposal. The JSP process allows the private sector and government staff the opportunity to apply their collective expertise to develop a wider range of solutions. Rather than defining the solution, the Project Coordinator defined the problem and desired outcomes, and asked the vendors to propose solutions. The Project Coordinator's intention was to select a private sector service provider to work collaboratively through a Joint Solution Definition (JSD) process that would result in an innovative and tailored solution.

3.2 THE PAN-CANADIAN HEALTH SURVEILLANCE JSRFP

On September 5, 2005, a notice was posted on BCBid advising interested parties of the status of the project, and that a JSRFP would be posted in the near future. On September 22, 2005, the JSRFP was posted on BCBid and MERX, with a closing date of October 21, 2005.

This JSRFP attracted a very high level of interest from the information technology (IT) community, including some of the world's largest and most capable suppliers of health informatics goods and services. Proposals were received from nine vendors, three of who qualified to participate in the next phase by demonstrating their capability (experience and track record in delivering similar integration), capacity (financial and human capital available to sustain an build and maintenance of the envisioned solution) and commitment.

The JSD proposals were evaluated by a Pan-Canadian Evaluation Committee, consisting of senior public health and IT representatives from Saskatchewan, New Brunswick, Ontario, PHAC, British Columbia and Infoway, and was supported by subject matter experts from a number of jurisdictions.

The three short-listed proponents then prepared high-level conceptual presentations demonstrating their proposed solutions to address the problems and desired outcomes. On the basis of those conceptual solutions, evaluators selected two preferred proponents to work through a three-month Joint Solution Development (JSD) phase.

Submitted Proposal	Shortlisted	JSD Phase Participant
Bearing Point	Yes	No
IBM Canada	Yes	Yes
EDS	Yes	Yes

During this phase the proponents had access to subject matter experts and public health representatives along with more detailed information about the business and technical requirements, and refined and elaborated on their initial solutions in close collaboration with the Project Coordinator. All participants in this process were bound by confidentiality agreements, and were not provided access to any sensitive personal data.

The JSD Phase ended on February 23, 2006, when the steering committee endorsed the recommendation of the Evaluation Committee to enter into contract negotiations with IBM Canada.

Further details on the process and participants are contained in Appendix A.

4.0 THE MASTER AGREEMENT

4.1 HIGH LEVEL DESCRIPTION

A Master Agreement was entered into as of May 19, 2006, between IBM Canada and the Project Coordinator.

4.2 PROFILE OF THE SUCCESSFUL PROPONENT

IBM Canada is a wholly owned subsidiary of International Business Machines Corporation (IBM), a publicly traded company founded in 1911. IBM Canada is one of Canada's leading providers of advanced information technology products and services. The first IBM office opened in British Columbia in 1914. IBM Global Services was established in 1991 to help companies manage their IT operations and resources and ensure that their technology investments contribute to profitable growth. For more information, visit www.ibm.com/services.

4.3 KEY TERMS OF THE MASTER AGREEMENT

Key Term	Description
Term	The contract effective date is May 19, 2006. The contract provides for perpetual licensing of Panorama and ongoing support for five years.
RI Build Project	The RI Build Project is a systems integration project in which commercial and government "off the shelf" software will be integrated and configured to meet the detailed requirements as outlined in the Solution Definition (Schedule 15 to the contract).
Build and Delivery	■ IBM Canada shall carry out all work required to create and deliver the deliverables in conformity with the specifications and the project schedule. ■ IBM Canada will conduct quality assurance testing. ■ IBM Canada will provide the Project Coordinator, at no additional cost or charge, with access to a test system. ■ The deliverables include the preparation of documentation. ■ IBM Canada will develop and make available to the Project Coordinator sample data, in order for the Project Coordinator to perform acceptance testing on each of the system deliverables. Such data will be fictitious data consistent with the live data that Panorama is intended to operate with. The Project Coordinator will develop sample data for acceptance testing of the final deliverables. Pursuant to Sections 5.4 and 19.1 of the contract both parties agree that any sample data created by them shall not include any personal information. ■ IBM Canada shall be responsible for the following: (a) delivering and installing each system deliverable on the hardware; (b) delivering the documentation; (c) conducting quality assurance testing; and (d) notifying the Project Coordinator when each system deliverable has been installed on the hardware Under the contract IBM Canada has committed certain amounts of resources to the project.
Acceptance Testing	■ Upon delivery of each deliverable, IBM Canada shall provide either a joint walkthrough or a demonstration to the Project Coordinator in order to demonstrate the readiness of such

Key Term	Description
	technical specifications or deliverables for acceptance testing.
	■ The Project Coordinator shall have two (2) business days for technical specifications and deliverables and five (5) business days for the final deliverables to either accept or reject, in writing, such technical specifications or deliverables into acceptance testing.
	■ Upon rejection IBM Canada shall promptly remedy the defects identified and redeliver the technical specifications or deliverables.
	■ The Project Coordinator has certain remedies available to it in the event that there are delays in the project.
Support Services	During the Support Term IBM Canada has a number of obligations including the following:
	■ Create and maintain a log of all defects.
	■ Maintain and implement a product plan for Panorama.
	■ Not remove a commercial off-the-shelf (COTS) product from Panorama unless IBM Canada has obtained the prior written approval of the Project Coordinator.
	■ Always be the single point of contact for the Project Coordinator in respect of the support services.
	■ Maintain a knowledge base relating to Panorama.
Change Order Process	Either party may initiate the change process by submitting to the other party, through the governance process a written notice signed by the initiating party, which notice will include all relevant information reasonably required for the proper consideration of such change. After the final acceptance date the Project Coordinator also has a right to require certain changes to be implemented.
Publicity and Marketing	IBM Canada will submit to the Project Coordinator all advertising, written sales promotion, press releases, public notices and any and all other publicity matters or materials relating to this master agreement or the transactions contemplated by this master agreement, or in which the Project Coordinator Group's names or any marks are mentioned or language from which connection with the Project Coordinator group's names or any marks may be inferred or implied. Certain other restrictions and provisions govern communications by IBM Canada.
	The contract also includes a detailed communication plan governing general communications relating to the project.
Relationship Management and Human Resources	During the RI Build Project and for a period of six (6) months thereafter, IBM Canada shall not directly or indirectly solicit for employment any employee of the Project Coordinator or any jurisdiction whose employment with the Project Coordinator or a jurisdiction is related to the RI Build Project or this master agreement. The contract also includes certain provisions governing key positions of IBM Canada that are involved in the project.
Governance	A governance structure is set up under the contract that includes a steering committee, a product management board, a governance sub-committee and a management/operations sub-committee.
Subcontractors	IBM Canada is the general contractor for the services under this master agreement and remains responsible for all of its obligations under this master agreement, regardless of whether IBM Canada relies upon any subcontractor to any extent. The contract requires IBM Canada to include certain terms in its subcontracts. Additional provisions apply to subcontracts that are determined to be material according to criteria in the contract.
Fees and Payment Terms	Total contract value is $27.7 million (including the jurisdiction license fees). The sustainment fee is in addition to this amount.
	The Project Coordinator has no obligation to pay any amounts in respect of the sustainment fee and the jurisdictional license fees which amounts are the sole obligation of the jurisdictions pursuant to the terms of the jurisdiction license and maintenance agreements.
Privacy, Security and	IBM Canada is not required to receive nor otherwise access any personal information in order to

Key Term	Description
Confidentiality	provide the services and prepare and deliver the deliverables.
	Neither IBM Canada nor the Project Coordinator will collect, create, reproduce, use, store, release, dispose, disclose, access or provide access to Personal information. Access to Personal information will be addressed separately in the implementation agreements that each jurisdiction will enter into.
Technology, Architecture and Improvements	All deliverables and maintenance releases, upgrades and versions will not contain any virus, trojan horse, worm, backdoor, shutdown mechanism or similar software, code or program which is intended to, is likely to or has the effect of disabling, denying authorized access to, damaging or destroying, corrupting or affecting the provision of the services.
	The system will not at any time contain protection features designed to prevent copying or the use of such system or other unauthorized access, to disable or erase any portion of the system or data, to shut down all or any portion of the system.
Intellectual Property and Proprietary Rights	The Project Coordinator will be the exclusive owner of all rights, title and interest in and to all assets and property provided by the Project Coordinator to IBM Canada.
	IBM Canada, and its licensors, will be and remain the sole and exclusive owners of all Intellectual property rights to the deliverables and modifications of the deliverables except an addition, configuration or other change to the system, made by or on behalf of a jurisdiction, that does not change the source code of the system.
	The rights of the Project Coordinator and the jurisdiction to the system are generally derived from licenses granted by IBM Canada under the contract. Pursuant to Schedule 22, IBM Canada grants the Project Coordinator and the jurisdictions a general license to the deliverables during the RI Build Project. The Project Coordinator is also granted a reference implementation license to the deliverables for the general purpose of allowing jurisdictions access to the deliverables for testing and evaluation purposes. Where a jurisdiction decides to implement the solution, it obtains a direct license from IBM Canada in the form attached to the contract as Schedule 18. The jurisdictions also obtain support services directly from IBM Canada pursuant to support terms as set forth in Schedule 24 attached to the contract.
	The Project Coordinator is provided with a copy of the source code for the system after it has been finally accepted. IBM Canada will update the source code held by the Project Coordinator during the support term under the contract. Upon certain trigger events the Project Coordinator is granted certain rights to use the source code.
Default and Termination	IBM Canada will be in breach of the master agreement, if the final acceptance date has not occurred within six (6) months of the final delivery date or if IBM Canada breaches or defaults in the performance of any of its other obligations under this master agreement which has an adverse effect upon the Project Coordinator, and IBM Canada fails to rectify such breach. The contract also contemplates certain other material breaches such as an unauthorized assignment of the contract by IBM Canada.
	The Project Coordinator will be in breach of the master agreement if it fails to pay amounts as they are due if such failure is not remedied in accordance with the master agreement.
	The contract includes a formal dispute resolution process.
Assignment	The Project Coordinator may assign this master agreement to any government, public sector or Crown entity, body or authority.
	IBM Canada may not assign this master agreement to any other body without the prior written permission of the Project Coordinator.
Contractual Relationship	IBM Canada will not engage in any activity that could create a conflict of interest or perceived conflict of interest with the Project Coordinator.
	IBM Canada will not give any commissions, payments, kickbacks, lavish or excessive entertainment or other inducements of more than minimal value in any form to any employee or agent of the Project Coordinator.

Key Term	Description
Language of Services	Shall be both French and English in accordance with the final solution definition.

Note that the contract with IBM Canada has many detailed provisions. The above summary should not be considered to be exhaustive nor should it be viewed as the Project Coordinator's interpretation of the contract.

4.4 FINANCIAL SUMMARY

4.4.1 PUBLIC SECTOR COMPARATOR MODELS

Infoway and the Project Coordinator looked at several public sector comparator models prior to entering into contract negotiations with IBM Canada. The public sector comparator models were intended to determine if an in-house solution could be delivered, within similar timeframes and at a similar cost. Analysis indicated that to deliver the solution in-house would cost significantly more than would contracting with IBM Canada to build the solution. Estimates for an in-house build ranged from $30M to $90M one-time charge, and $7M to $20M per year for maintenance and support.

The IBM solution cost was estimated at less than $30M one-time charge with re-occurring charges of less than $5.5M/year for maintenance and support

4.4.2 SOLUTION BUILD COST

The master agreement specifies that IBM Canada will build a solution and provide base licenses for the solution for $27.7 million.

4.4.3 JURISDICTIONAL LICENSE PAYMENTS

Once Panorama is built, provinces and territories that choose to implement will be required to make a one-time license payment of between $200,000 up to $1.1 million in direct proportion to the population of the jurisdiction. These amounts are included in the $27.7 million amount noted above.

Each jurisdiction that chooses to deploy Panorama will be obligated to pay an annual maintenance payment. Jurisdictional maintenance payments could range from $53,000 to $1.4 million depending on the population of the jurisdiction and other considerations. Maintenance payments will become payable 9 months after a jurisdiction signs a license agreement or when a jurisdiction goes into production – whichever is earliest. Maintenance payments entitle jurisdictions access to problem resolution and tier 3 support from IBM Canada. In addition, if aggregate maintenance payments reach certain levels then, IBM Canada is required to provide dedicated resources that will provide ongoing enhancements to Panorama.

4.5 INTANGIBLE BENEFITS

There are a number of benefits in the master agreement that do not readily lend themselves to financial quantification. Although these benefits do not show up in the financial analysis, they are very real and vital to the objectives of the initiative.

These intangible benefits include:

- Ongoing solution improvements undertaken by COTS vendors in other jurisdictions will be provided to the Project Coordinator at no additional cost;

- IBM Canada and their partners bring a COTS based approach to reduce significant development risk, and government retains a perpetual license to the software; and

- Pan-Canadian ongoing governance and cross jurisdictional sharing of sustainment costs will result in additional enhancements at lower cost to the Jurisdictions.

4.6 SERVICE LEVELS

The service level agreement specifies both response and resolution times for issues related to supporting the code-base. The agreement contemplates financial remedies to address service level failures.

4.7 PRIVACY CONSIDERATIONS

4.7.1 A TOP PRIORITY

Panorama will contain the personal health information of Canadians. For this reason, privacy and security considerations have been top priorities for the project and system design. When the project began the process for selecting a vendor to provide the solution, the first objective of the procurement process was:

"Ensuring that the highest levels of privacy protection are in place to ensure that the personal health information of Canadians is protected in accordance with the legislation, policy and regulations of the Jurisdictions and taking reasonable and necessary measures to ensure the privacy of personal information is protected from access (directly or indirectly) by foreign entities."

4.7.2 IT REQUIREMENTS

In the JSRFP, fifty percent of the 103 IT requirements related to privacy or privacy-enabling security. They ranged from high level statements related to compliance with jurisdictional privacy requirements to specific requirement around logging and audit. The section on IT Technical Privacy and Security Requirements covered these in detail against privacy objectives.

4.7.3 VENDOR SELECTION

Privacy and security were key factors in vendor selection and proponents were required to demonstrate their approach and responsiveness to addressing risk related to jurisdiction-specific privacy and security infrastructure including support for functions defined in the Canada Health Infoway Privacy and Security Conceptual Architecture. Proponents were required to demonstrate their ability to address adoption deployment and operational risks related to the variety, complexity, and administration of jurisdictional privacy and security policies. Privacy was also assessed as part of functional and technical completeness from the business perspective and architectural flexibility and configurability as measured against the IT requirements.

4.7.4 PRIVACY SUBJECT MATTER EXPERT

A privacy subject matter expert has been a part of the Project Coordinator team since Fall 2005. The role of this individual is to ensure Panorama is capable of supporting jurisdictional privacy compliance and protecting personal information. This person is responsible for documenting project privacy due diligence, identifying and assessing privacy risk, recommending risk remediation approaches, and documenting this work in periodic reports.

4.7.5 PRIVACY AWARENESS TRAINING

The Project Coordinator team received privacy education in the form of a seminar that covers ethical fundamentals, legislative requirements, and the roles of people, policy, process, and technology in the creation of a privacy framework for the protection of personal information.

4.7.6 CONSULTATION

Throughout the project stakeholders from the jurisdictions have been both directly involved and consulted. Jurisdictional privacy leads continue to be consulted through their jurisdictional project teams.

4.7.7 PRIVACY AND SECURITY STANDARDS

National and international privacy and security standards have been used as references during the solution definition process. The key reference, Infoway's Privacy and Security Conceptual Architecture, is based on the following sets of privacy and security principles:

- Canadian CSA Privacy Model Code;
- Internationally recognized Information Security Management standards (ISO/IEC 17799-1:2000 Code of Practice for Information Security Management); and
- The ACIET Pan-Canadian Privacy and Confidentiality Framework.

The Canada Health Infoway Privacy and Security Conceptual Architecture is intended to be a clear articulation of business and legislative requirements based on a pan-Canadian privacy legislative scan, identifying pan-Canadian privacy and security obligations to support the development of pan-Canadian privacy and security requirements for an interoperable electronic health record.

4.7.8 PRIVACY IN THE MASTER AGREEMENT

Privacy is a key component of the master agreement. Under Section 1.13 of the master agreement, the parties acknowledged that the primary objectives and guiding principles of their contractual relationship include:

"b. that the System enables the highest levels of privacy protection in accordance with the Specifications in order to ensure that when the System is implemented in a Jurisdiction the personal health information of Canadians can be protected in accordance with the legislation, policy and regulations of the Jurisdictions;"

4.7.9 PERSONAL INFORMATION

- No personal information will be stored outside of Canada;

- No personal information will be accessed from outside of Canada;

- In addition to Section 19.1 referenced to above, Section 10.6 of the master agreement states:

   "No Services will be provided or performed by the Service Provider at any location outside of Canada except as may be specifically Approved by the Project Coordinator from time to time, and no Personal Information will be accessed, used, stored, transmitted or otherwise made available in any manner outside of Canada, and no Person outside of Canada will have access in any manner to the Personal Information, except as may be specifically permitted under the Freedom of Information and Protection of Privacy Act (British Columbia) and Approved in writing by the Project Coordinator from time to time."

- The Province's Privacy Protection Schedule is also attached to the master agreement.

4.7.10 PRIVACY OBLIGATIONS

IBM Canada and partners have agreed that they are not required to receive or access any personal information for any reason and they have agreed that they shall not at any time collect, create, reproduce, use, store, release, dispose, disclose, access or provide access to personal information. All sample data required for testing purposes will be fictitious.

Upon delivery of Panorama to the jurisdictions, and during jurisdictional implementation and ongoing maintenance, individual jurisdictional privacy legislation will apply.

4.8 RISK ALLOCATION

4.8.1 RISK ALLOCATION BETWEEN THE PARTIES

The deal structure is based on the principle that risk should be assumed by the party best able to manage it. In several areas, the Project Coordinator has retained some measure of risk as it is in the best position to control this risk. Provisions have been built into the master agreement and other related agreements to mitigate the Project Coordinator's exposure in shared risk areas. The types of risk transferred to IBM Canada in part or in whole include:

- Risk of project over runs as this is a fixed price contract;

- Ongoing operating risks of new technologies incorporated into Panorama;

- Financial risk in lost future maintenance fees if Panorama is not adopted in the jurisdictions;

- Failure to deliver services at specified performance levels;

- Consequences for breaches of data security and privacy;

- Service recovery (in the event of service disruption); and

- Business failure of an IBM Canada subcontractor or supplier.

In order to ensure that the projected outcomes are achieved and that performance standards are maintained, employees with experience managing long-term contracts will manage the master agreement, soliciting expert legal and procurement assistance as required. The master agreement also includes service level agreements and consequences for non-performance. Please refer to Appendix B for allocations of different risks and their mitigation strategies.

5.0 ONGOING CONTRACT MANAGEMENT

5.1 CONTACT MANAGEMENT

As set out in Schedule 5 of the contract, the Ministry of Health (Project Coordinator) will manage the master agreement on behalf of the province of BC. A governance model has been established to resolve issues and make required decisions in a timely manner.

The project will be managed by the Project Oversight Committee comprised of senior executive representatives from the province of BC and IBM Canada. Each party will identify a senior executive and an executive program director who will form the Project Oversight Committee.

Each party will identify a project director who will have the delegated authority of their representative organizations to provide tactical direction and effective day-to-day oversight of the project delivery.

Each party will identify a project manager who will be responsible for the day-to-day management of their project resources to achieve the collective goal of successful project completion.

Upon completion of the RI Build Project the governance structure will change in order to more appropriately support a sustainment and implementation arrangement.

5.2 SERVICE LEVELS

The master agreement maintenance structure (including the jurisdictional maintenance agreements) includes both service level objectives and service level agreements. Service levels will be monitored and evaluated on a regular basis in order to continuously measure performance.

Service level agreements (SLAs) are the service delivery requirements established for certain services. SLAs have been established for certain service delivery elements including response time for system problems as well as resolution of the issue.

A service level credit approach has been developed to incent IBM Canada to perform to agreed-upon service levels.

Service level credits may be earned by the jurisdictions implementing the solution in the event of IBM Canada's failure to meet SLAs. If SLAs are not achieved, then IBM Canada would be subject to financial consequences by calculating service level credits on the basis of a formula.

5.3 AUDITS AND INVESTIGATIONS

The Project Coordinator has a program assurance ('risk audit') function in place. The Project Coordinator will engage organizations to provide professional risk management assessment and risk advisory services. These reviews will undertake high-level risk reviews of the project during its design, development and sustainment stages.

Appendix A – Joint Solution Procurement Process

Short Listing Process

During the week of October 31, 2005, a Pan-Canadian Evaluation Committee met in Toronto to review the bids. All bids that met the mandatory criteria were carefully reviewed and rated, and three vendors were short-listed to pass to the next stage of the process – Bearing Point, IBM Canada and EDS. On Nov. 28, 29 and 30, 2005, the three proponents presented concept demonstrations to more than 40 pan-Canadian colleagues, business representatives and evaluators. On the basis of those conceptual solutions, the Evaluation Committee selected two preferred proponents, EDS and IBM Canada, to enter the JSD phase as preferred proponents.

The Joint Solution Definition Phase

During December 2005 and January 2006, the preferred proponents attended workshops, synthesis sessions and received feedback as they refined their concepts. In early February 2006, both companies presented their solutions to the Pan-Canadian Evaluation Committee for evaluation.

Evaluation Procedure – Final Presentations

Two day long sessions were allocated to each preferred proponent for the final presentation. The sessions scheduled for both preferred proponents were as follows:

Public health representatives from across Canada attended these presentations and provided feedback on the proposed solutions. This feedback was synthesized and presented to the Evaluation Committee as part of their deliberations.

On conclusion of each presentation, Evaluation Committee members met to debrief and discuss the presentation. The material provided by each preferred proponent was also referred to as part of the discussion.

Evaluation Criteria

The following table outlines the evaluation criteria for the final evaluation. The final presentation accounted for 100% of the total evaluation score for the JSD Phase.

Finalized JSD Evaluation Criteria	
Criteria	**Weight**
Public Health Business	40%
Information Technology/Architecture	25%
Economic Model	35%

The Successful Proponent

On February 23, 2006, the steering committee endorsed the recommendation of the Evaluation Committee to enter into contract negotiations with IBM Canada.

The remaining preferred proponent was designated the 'vendor-in-waiting'. In the event negotiations with the successful proponent failed, the project team reserved the right to contact the 'vendor-in-waiting' and invite them to enter into negotiations.

The negotiations were successful, and the contract between the province of BC and IBM Canada was signed on May 19, 2006.

Appendix B – Risk Allocation

Risk Description	Allocation of Risk	Mitigation
IBM Canada delivers solution late	IBM Canada	Some financial consequences for late delivery. Project Coordinator bears some risk as funds are not sufficient.
Business failure of sub-contractors	IBM Canada	IBM Canada is responsible as general contractor and remains responsible for all its obligations and will ensure contingency plans are in place.
Business continuity and disaster recovery plan	Jurisdictions	This requirement will be met through the jurisdictional implementation projects.
Privacy or security breach	Jurisdictions	Panorama will not contain any personal information until it is implemented in a jurisdiction. Panorama core functionality does support all core pan-Canadian privacy and security requirements and all jurisdictions will be capable of protecting the privacy of their data.
Cost overruns	IBM Canada	Fixed price contract
Conflict of Interest	IBM Canada	IBM Canada will be prohibited in any activity that will cause a risk
Fraud or errors/omissions	IBM Canada	Province has audit and investigation rights
Force majeure	IBM Canada Project Coordinator	Either party has the responsibility to mitigate and minimize the effect of such force majeure event, to reduce and minimize any ensuing delay or interruption in the performance of its obligations
Material Breach	IBM Canada Project Coordinator	IBM Canada may take legal action if Project Coordinator fails to pay Project Coordinator may invoke remedies as outlined in the master agreement
Quality Assurance	IBM Canada	IBM Canada obligated to provide a number of quality assurance practices as outlined in the master agreement
Liability and indemnity	IBM Canada	Jurisdictions indemnified, including shared infringement of patents or copyrights. The contract contains certain limitations of liability which results in some risk being allocated to the Project Coordinator and the jurisdictions.