



Joint IT Business Analysis Review Final Presentation

→ **Kincardine Council**

June 20, 2022



Agenda

Project Overview & Context

- Project Background & Approach

Vision & Current State

- Vision & Guiding Principles for Joint IT Business Analysis Review
- Current State IT Landscape & Spend
- Overall Digital Maturity Assessment
- IT Capability Maturity Assessment

Opportunities & Future State

- List of Initiatives / Recommendations
- Roadmap – Summary
- Cost Savings – Summary

Appendix

- Growth Drivers for the MIC Municipalities & IT Modernization
- Future State – Summary
- Joint Cost Savings – Summary

Project Background & Approach

Background & Objectives

Background

GHD Digital was engaged to support the The Municipal Innovation Council (MIC) to conduct a Joint IT Business Analysis Review project with its member

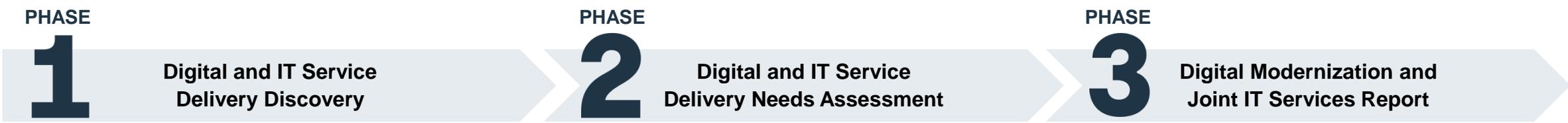
- Addressed the current and future needs of the MIC member municipalities' information technology solutions
- Analyzed the current IT spend
- Identified and prioritized opportunities for cost savings through shared services or digital modernization

Objectives

The primary objective of the project was to identify opportunities for the MIC municipalities to jointly address the following:

- A Shared Services Model / Agreement (regional approach to IT service delivery and support)
- Spend consolidation / co-ordination
- Local software upgrading needs
- Gaps in Current State (e.g., Disaster Recovery / Cybersecurity)

Approach and Timeline



Deliverables

- ① Digital Modernization and Joint IT Services Vision (including Guiding Principles) *
- ② Digital & IT Service Delivery Current State (including current challenges, spend) *

* Interim deliverables

Deliverables

- ③ Digital & IT Service Delivery Future State *
- ④ List of Draft Recommendations / Initiatives *

Deliverables

- ⑤ Digital Modernization and Joint IT Services Roadmap (including initiatives, priority) *
- ⑥ Potential Cost Savings *
- ⑦ **KEY DELIVERABLE:** Digital Modernization and Joint IT Services Final Report

Vision & Guiding Principles for Joint IT Business Analysis Review

Our Vision:



We will **collaborate** effectively to **share** information, aim for **consistency** in IT services and technology, and potentially establish a **shared** IT services and technology model in a **flexible** and a **cost-effective** manner, to maximize **value** for our member municipalities' stakeholders.



Guiding Principles

Build a Solid Foundation

Establish the foundation for IT modernization and digital transformation first before building and optimizing anything that sits on top of the foundation.

Make the Right Investments

Support investments in IT that are required to meet the needs of each organization, leveraging economies of scale to drive cost effectiveness where possible.

Share Information Actively

Foster a culture of proactive, regular dialogue to collaborate and share information between people as well as systems.

Allow for Flexibility

Identify a model that is flexible and scalable in scope to meet the individual needs and budgets of our member municipalities.

Align on Standards

Strive to standardize IT services and technology in order to maximize the value for each of the member municipalities.

Establish Commitment

Agree on the minimum level of participation required for the model to be successful as well as the commitment period.

Current State IT Landscape

— Analysis Area ————— Key Service Providers / Software (Current State) —————

1 IT Services

Service Provider	Software / Supporting Practices In Place*
PT FT 	Phone E-mail

2 Cybersecurity

Service Provider	Software / Supporting Practices In Place*
FT 	Firewall SOPHOS Barracuda PhishLine Microsoft Defender

3 Disaster Recovery

Service Provider	Software / Supporting Practices In Place*
FT 	datto OFFSITE BACKUP

4 IT Strategic Sourcing, Procurement, & Upgrades

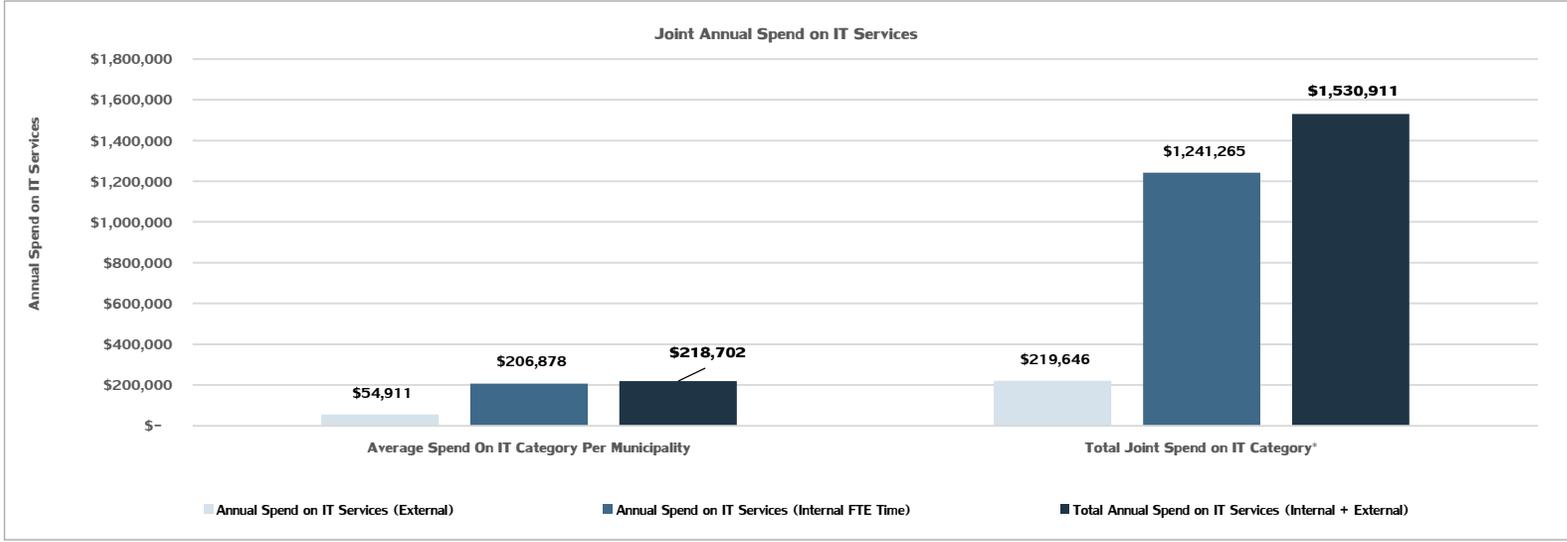
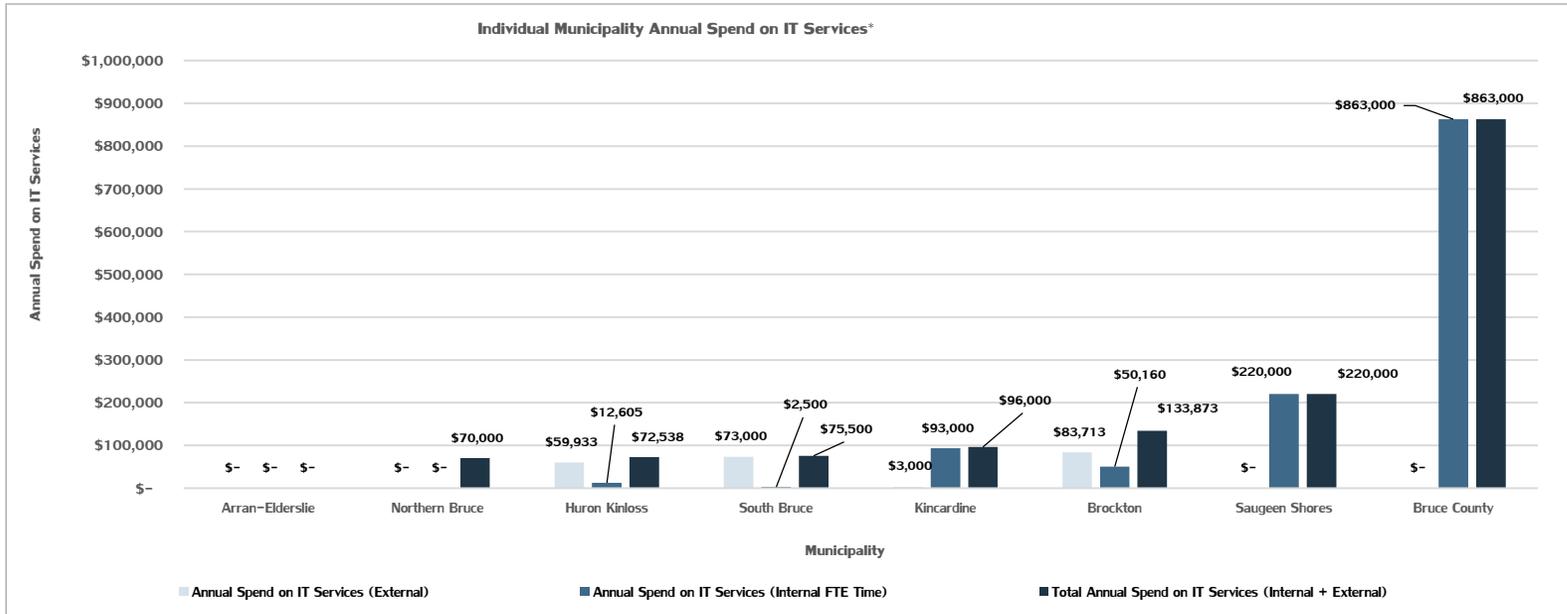
Hardware Procurement Service Provider	Software Procurement Service Provider
FT In House Staff Retail Stores FOR Channels (E.g. CDW)	FT PT In House Staff

Key Insights

- 5 of 8 municipalities leverage one of the following 3 external service providers to deliver IT services:
 - MicroAge:**
 - Brockton
 - Huron-Kinloss
 - South Bruce
 - Arran-Elderslie (Cybersecurity only)
 - Kincardine (Cybersecurity only)
 - Infinity Solutions**
 - Northern Bruce Peninsula
 - McKinnon Computer Services**
 - Arran-Elderslie
- 3 of 8 municipalities have dedicated in-house staff which are solely focused on IT:
 - Bruce County
 - Saugeen Shores
 - Kincardine
- Most municipalities have introduced cybersecurity and disaster recovery software and practices in recent years, but are largely managed and overseen by their third-party service provider (with the exception on Bruce County and Saugeen Shores), and internal staff has minimal involvement in day to day or strategic planning for this area.
- Most municipalities rely on third party service providers for hardware procurement in most cases (with the exception on Bruce County, Saugeen Shores, and Kincardine).
- Most software procurement occurs in-house through staff-led, and CAO / council approved decision-making processes on an as-needed basis.
- Overall, most municipalities are operating independently across key IT functions, with minimal knowledge sharing / collaboration occurring, and no shared services function exists.

*Note: Bruce County / Saugeen Shores use several more advanced software / practices which have not been outlined here – only common tools / practices have been listed.

Current State IT Services Spend

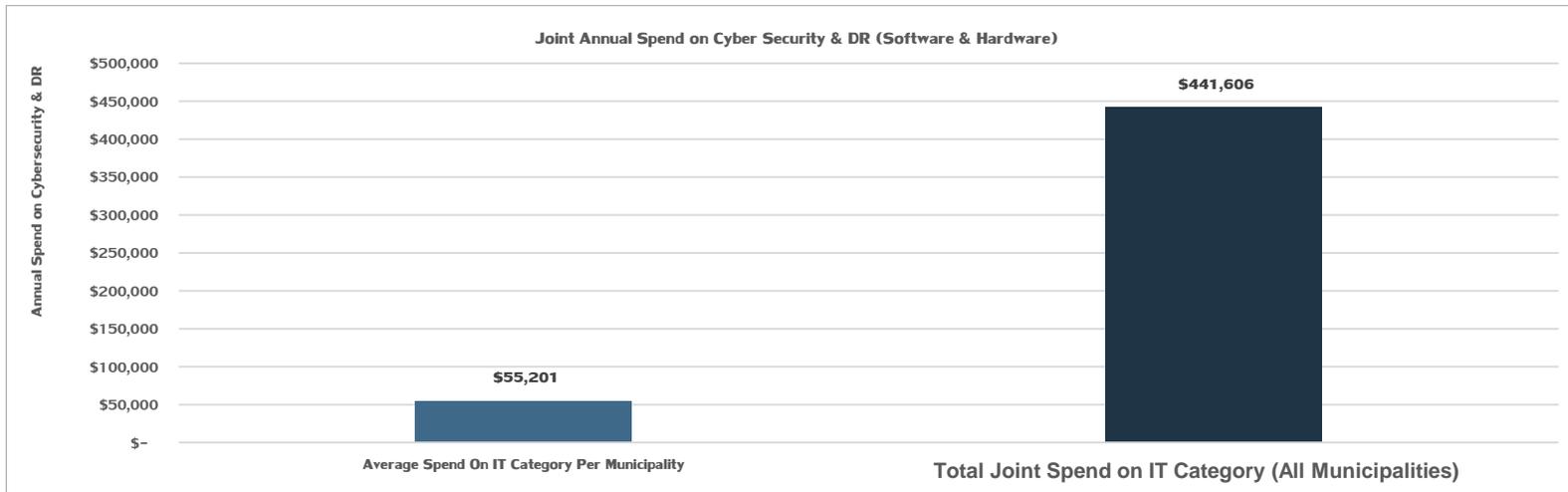
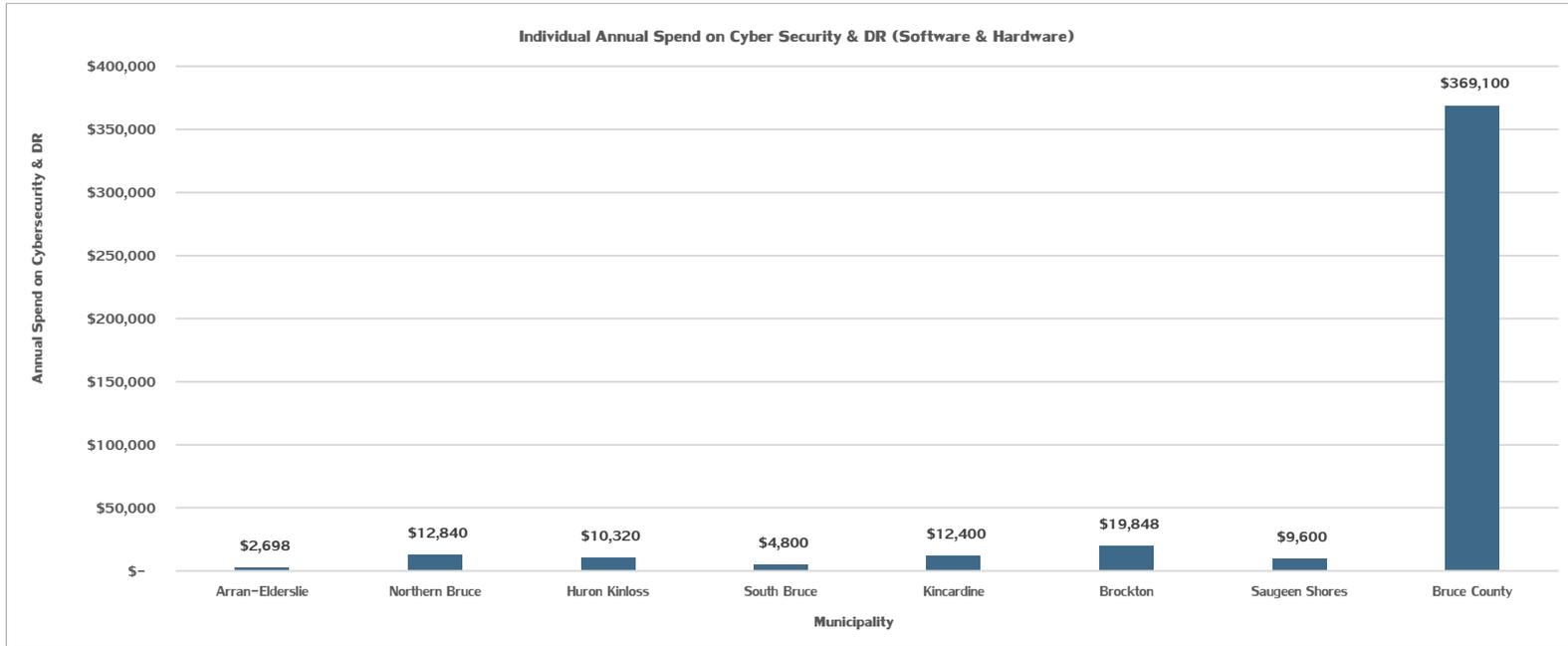


Key Insights

- The average annual spend on IT services (internal FTE costs + external 3rd party service provider costs) across all 8 municipalities is **\$218,702** (**\$113,318**, if excluding Bruce County which has a significantly higher annual spend).
- Aside from Bruce County, Saugeen Shores has the highest annual spend on IT services (\$220,000), followed by Brockton (\$133,873), and then Kincardine (\$96,000).
- Northern Bruce Peninsula, Huron-Kinloss, and South Bruce all have very similar annual spend amounts (~\$70,000 – \$75,000).
- Annual spend on IT services appears to be directly correlated with municipality size (population) and staff size, with larger municipalities incurring higher annual costs to deliver a higher level of IT services.

6 *Note: "\$ -" Values in graphs indicate that data was not available from that municipality for that category (as opposed to the value being zero).

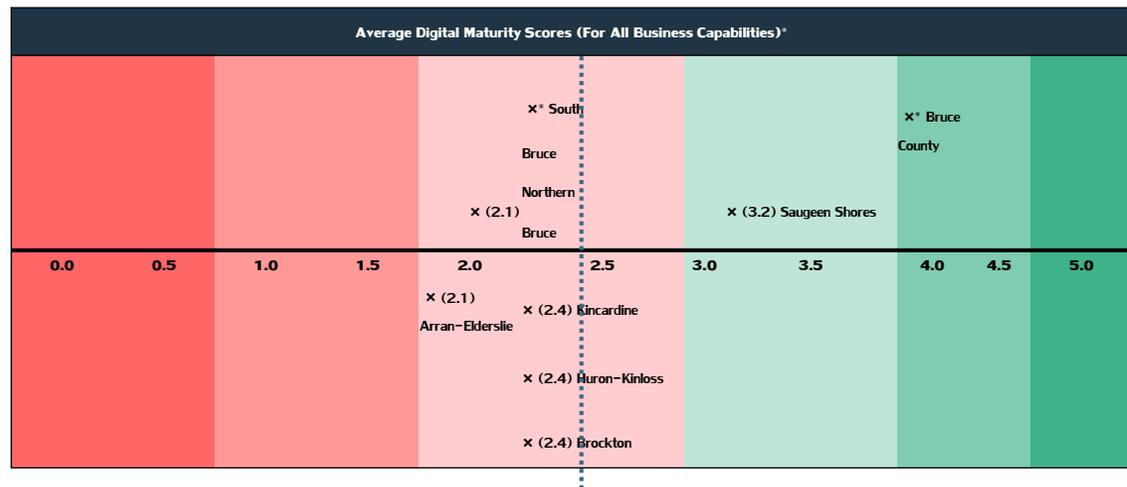
Current State IT Cybersecurity & Disaster Recovery Spend



Key Insights

- The average annual spend on cybersecurity & disaster recovery (software and hardware – not including services) across all 8 municipalities is **\$55,201** (**\$10,558**, if excluding Bruce County which has a significantly higher annual spend).
- Aside from Bruce County, Brockton has the highest annual spend on cybersecurity & disaster recovery (**\$19,848**), followed by Northern Bruce Peninsula (**\$12,840**), and then Kincardine (**\$12,400**).
- Arran-Elderslie and South Bruce have the lowest annual spend on cybersecurity and disaster recovery of the group.
- Annual spend on IT services appears to be less correlated with organization (staff) size as some larger municipalities (e.g., Saugeen Shores – \$9,600 / year with 300 staff members) have lower annual spend than smaller ones (Northern Bruce – \$12,840 / year with 55 staff members).

Overall Digital Current State Maturity Assessment



Legend – How well are all business capabilities supported by digital?

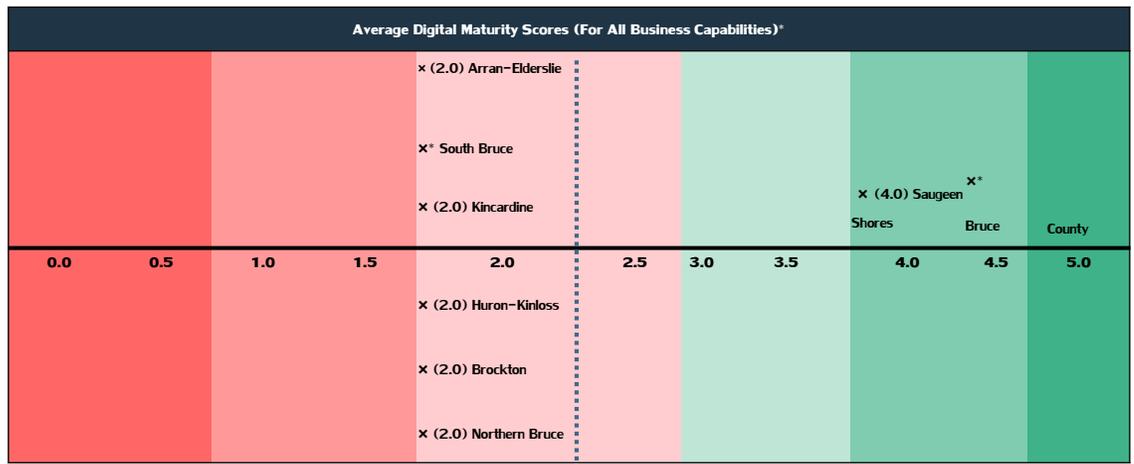
0	Non-Existent: Capability not supported by Digital / Technology at all
1	Very Low Maturity: Capability minimally supported by Digital / Technology
2	Low Maturity: Capability somewhat supported by Digital / Technology
3	Medium Maturity: Capability mostly supported by Digital / Technology
4	High Maturity: Capability fully supported by Digital / Technology (basic)
5	Very High Maturity: Capability fully supported by Digital / Technology (best-in-class)

*Note: Business capability map scores & rationale were not provided by 2 municipalities; Bruce County and South Bruce, but general assessment of their maturity was conducted based on interviews and review of documentation.

Key Insights

- The average digital maturity score at an organizational level across all MIC member municipalities is 2.4, which indicates low maturity.
- The most mature municipalities from a digital maturity score perspective are Bruce County* and Saugeen Shores.
- The least mature municipalities from a digital maturity score perspective are Arran-Elderslie and Northern Bruce.
- Many municipalities have very similar digital maturity scores including Kincardine, Huron-Kinloss, Brockton, and South Bruce.
- Digital maturity scores appears to be directly correlated with municipality size, as this reflects a larger population & tax base, as well as increased / evolving demand from residents for more efficiently delivered, and digitally enabled services.
- In turn, this has resulted in larger municipalities being able to dedicate more resources and allocate larger budgets to investments in digital solutions compared to their smaller peers.
- Most municipalities with lower maturity scores recognize the importance of moving towards a more digitally enabled future state, while also acknowledging that it will take “baby steps” to transform due to internal and external constraints and limitations (Council decisions, budgets, competing priorities, etc.).
- At this time, Only 4 of 8 municipalities (Bruce County, Kincardine, Huron-Kinloss, & Northern Bruce Peninsula) have created some type of dedicated digital modernization strategy which is tailored to their municipality with a roadmap for their path forward as an organization. That said, some municipalities (e.g., Brockton) are currently considering developing this strategy and roadmap.

IT Capability Current State Maturity Assessment



Legend — How well is the IT capability supported by the organization?

0	Non-Existent: No technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.
1	Very Low Maturity: Minimal technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.
2	Low Maturity: Basic technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.
3	Medium Maturity: Moderate level of technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.
4	High Maturity: Comprehensive level of technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.
5	Very High Maturity: Advanced and innovative level of technology (hardware, software, architecture, etc.), as well as processes, data, governance, and people are in place to support the IT business capability.

*Note: Business capability map scores & rationale were not provided by 2 municipalities; Bruce County and South Bruce, but general assessment of their maturity was conducted based on interviews.

Key Insights

- The average IT maturity score across all MIC member municipalities is 2.3, which indicates low maturity.
- The most mature municipalities from an IT perspective are Bruce County*, and Saugeen Shores.
- There is no distinct municipality with the lowest maturity, as 6 of 8 municipalities had the same current state score of 2.0 for IT (low maturity).
- Most municipalities with lower maturity scores recognize the importance of improving internal IT capabilities & measures in place / or the quality and availability of external service provision, especially as this will lead to increased process efficiency, and enablement of digital transformation in the future.
- However, IT has not been prioritized as an internal capability to proactively develop in house due to gaps in available resources, expertise among existing staff, and a lack of urgent need to improve this function (aside from pandemic-related work from home changes that did notably raise awareness around IT).
- At this time, Only 2 of 8 municipalities (Saugeen Shores and Bruce County) have created a dedicated IT strategic plan which is tailored to their municipality and contains a roadmap for their path forward as an organization.

List of Recommendations / Initiatives

Foundational Initiatives:

1. Develop Foundation for Joint IT Modernization

Core Initiatives:

2. Leverage an Interim IT Service Provider Within Applicable Municipalities
3. Establish New Shared Services Function
4. Establish IT Service Provider Feedback Process for Continuous Improvement
5. Conduct Joint Purchasing / Independent Purchasing (via VOR Pricing / Other Channels) of Hardware
6. Conduct Joint Purchasing of Software
7. Assess Individual Opportunities for Internet / Telecom Cost Savings
8. Implement Cybersecurity Program Within Applicable Municipalities
9. Implement Enhanced Cybersecurity Practices Within Applicable Municipalities (To Secure Cybersecurity Insurance)
10. Implement Disaster Recovery Program Within Applicable Municipalities

Additional Initiatives:

11. Consider Innovation Program to Identify Additional Joint Technology Related Opportunities on an Ongoing Basis via JITS
12. Consider Robotic Process Automation For Select IT Operations Processes Within Shared Service Provider's Organization
13. Consider Transition from Server to Cloud Based Infrastructure Within all Applicable Municipalities

Joint IT Business Analysis Review – Roadmap Summary

Initiative Overview		Initiative Owner / Participants										Initiative Timing						
Initiative #	Initiative Title	MIC	JITS	BC	SS	KD	BK	HK	SB	NB	AE	Initiative Start Date	Initiative End Date	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)	Year 4 (2025)	Year 5 (2026)
1.0	Develop Foundation for Joint IT Modernization	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Mar 2022	Feb 2023	█	█			
2.0	Leverage an Interim IT Service Provider Within Applicable Municipalities		✓				✓	✓		✓	✓	Apr 2022	Aug 2024	█	█	█		
3.0	Establish New Shared Services Function		✓	✓	✓	✓	✓	✓	✓	✓	✓	Apr 2023	Apr 2025		█	█	█	
4.0	Establish IT Service Provider Feedback Process for Continuous Improvement		✓			✓	✓	✓	✓	✓	✓	Jan 2025	May 2025				█	
5.0	Conduct Joint Purchasing / Independent Purchasing (via VOR Pricing / Other Channels) of Hardware		✓	✓	✓	✓	✓	✓	✓	✓	✓	Mar 2022	Nov 2023	█	█			
6.0	Conduct Joint Purchasing of Software		✓	✓	✓	✓	✓	✓	✓	✓	✓	Jun 2022	Apr 2026	█	█	█	█	█
7.0	Assess Individual Opportunities for Internet / Telecom Cost Savings		✓			✓	✓	✓	✓	✓	✓	May 2022	Dec 2022	█				
8.0	Implement Cybersecurity Program Within Applicable Municipalities		✓	✓	✓	✓	✓	✓	✓	✓	✓	Nov 2022	Dec 2024	█	█	█		
9.0	Implement Enhanced Cybersecurity Practices Within Applicable Municipalities (To Secure Cybersecurity Insurance)		✓			✓	✓	✓	✓	✓	✓	Oct 2022	Sep 2024	█	█	█		
10.0	Implement Disaster Recovery Program Within Applicable Municipalities		✓			✓	✓		✓		✓	Aug 2023	Aug 2024		█	█		
11.0	Consider Innovation Program to Identify Additional Joint Technology Related Opportunities on an Ongoing Basis via JITS	✓	✓									Jan 2023	Jul 2023		█			
12.0	Consider Transition from Server to Cloud Based Infrastructure Within all Applicable Municipalities		✓		✓	✓	✓	✓	✓	✓	✓	Jan 2026	Jan 2027					█
13.0	Consider Robotic Process Automation For Select IT Operations Processes Within Shared Service Provider's Organization			✓								Aug 2025	Jul 2026				█	█

Key Insights

- The sequencing of the following 13 initiatives is based upon discussions with the project team regarding priorities & key considerations (e.g., individual municipality preferences, plans and constraints).

Foundational Initiatives:

- Initiative 1.0 is foundational and consists of many activities which will help support the structure and approach to delivering the overall Joint IT Roadmap therefore should begin in early 2022.

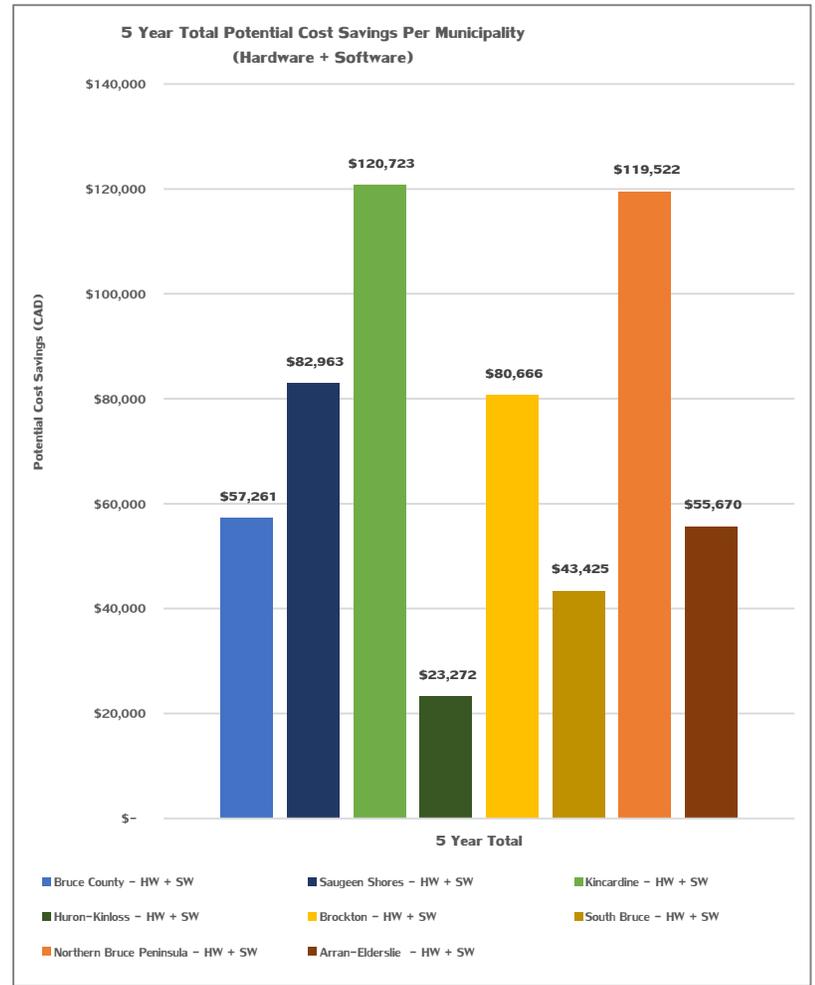
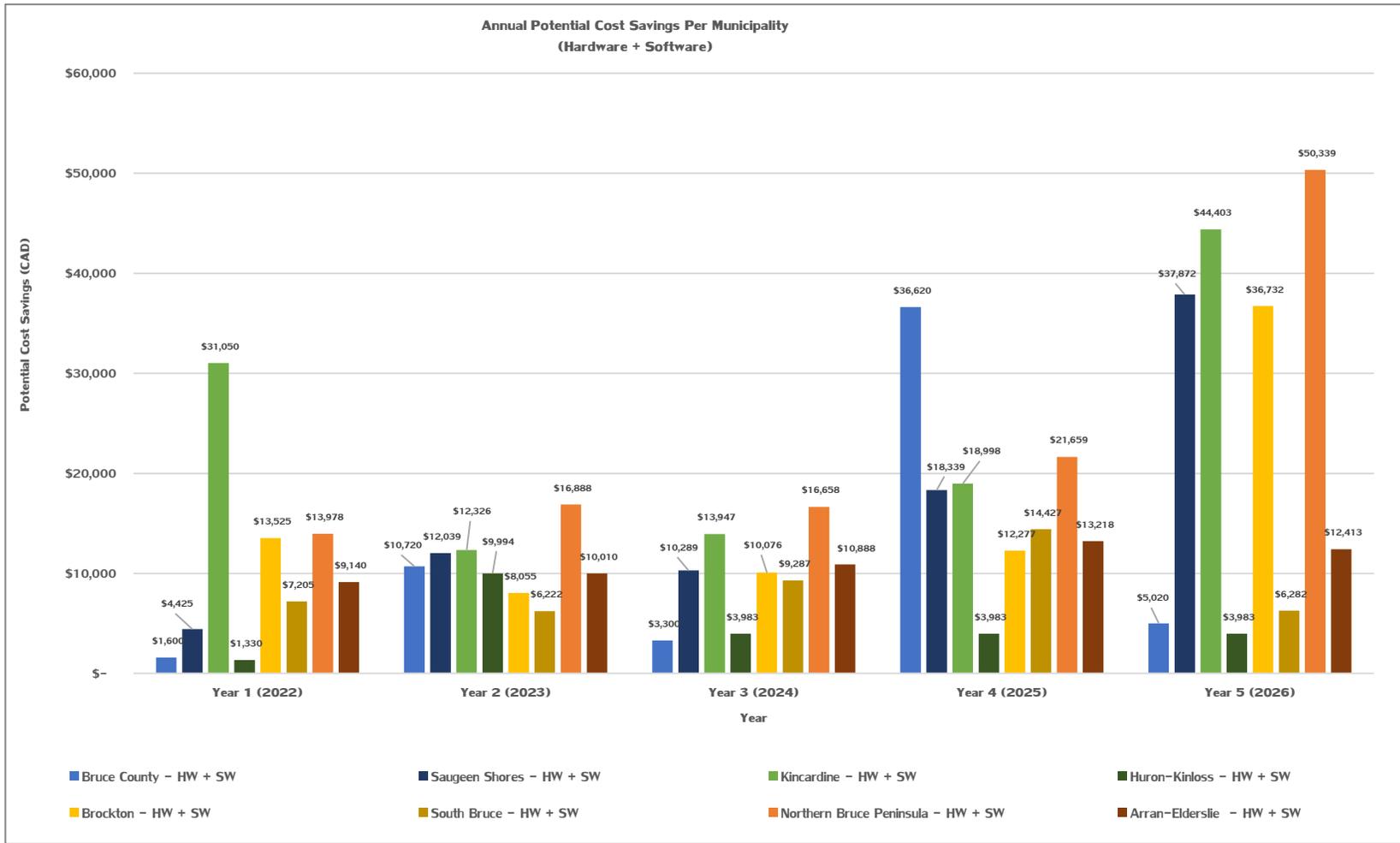
Core Initiatives:

- These are the highest priority major initiatives that ideally should be pursued in order to achieve joint objectives including: establishing the IT Shared Services function, begin conducting individual and joint procurement in order to achieve cost savings, and establishing cybersecurity and disaster recovery programs where required.
- The core initiatives include: 2.0, 3.0, 5.0, 6.0, 8.0, 10.0.

Additional Initiatives to Explore:

- These initiatives are related to strengthening existing practices outlined in the core initiatives, and creating processes to identify ongoing opportunities for continuous improvement across the group.
- The additional initiatives which will further enhance the joint IT maturity are 4.0, 7.0, 9.0, 11.0, 12.0, and 13.0.

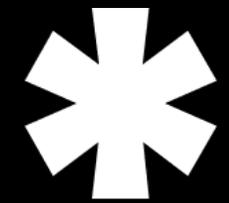
Potential Cost Savings Summary - Individual Savings (Procurement)



- Potential cost savings for both hardware and software purchases varies across municipalities due to individual opt-in / opt-out decisions (preliminary decisions have been identified and incorporated into calculations).
- Overall, Kincardine, Brockton, Northern Bruce Peninsula, Saugeen Shores, and Bruce County will benefit from some of the largest potential one-year cost savings for both hardware and software purchases in 2022, 2023, and 2025.

- Over a 5-year period, Kincardine will potentially incur the highest individual cost savings (\$120,723), with Northern Bruce Peninsula following (\$119,522).
- Huron-Kinloss will potentially incur the lowest individual cost savings (\$23,272), primarily due to more opt-out decisions expected across several joint software purchases (due to individual Roadmap).

Note 1: All projections were calculated using a set of assumptions agreed upon with the project team.
Note 2: All projections are +/-50%, and subject to change.

 **Thank You**

Appendix

→ MIC Joint IT Business Analysis Review

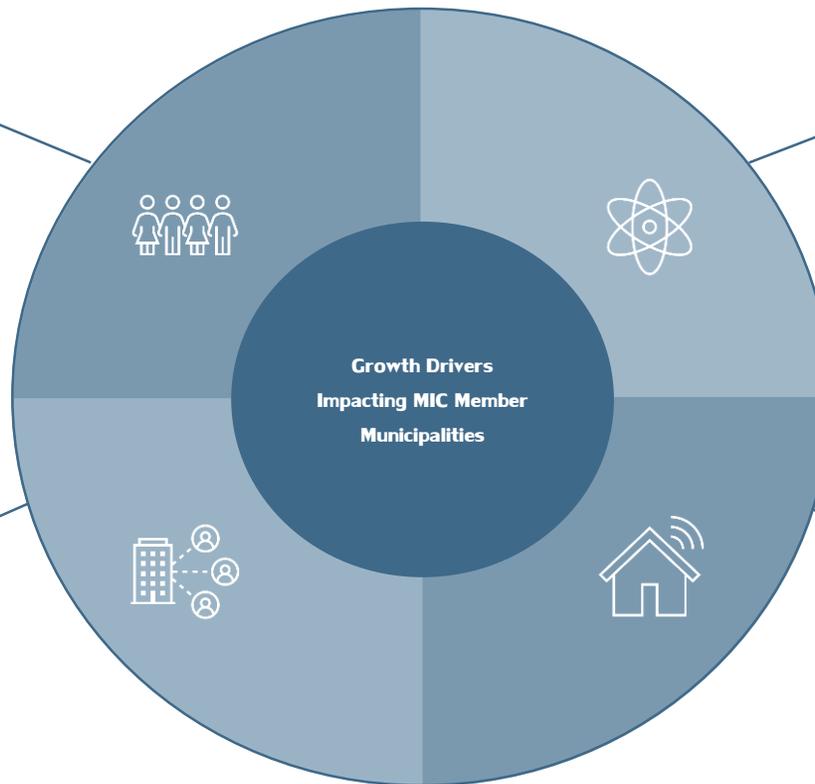
Growth Drivers for the MIC Municipalities & IT Modernization

Population Growth & Diversification

- Many young families have been moving away from more urban areas into various MIC member municipalities during the pandemic.
- Residents will increasingly demand an increased number / breadth of high-quality services and opportunities to digitally engage with municipalities.
- The growing demand for services will require municipalities to deliver at a faster pace and increase the efficiency of internal operations to enable this, primarily through the adoption of enhanced IT and digital tools.

Attraction of New Business

- An increased number of small / home-based businesses are starting up within member municipalities during the pandemic.
- Existing businesses are also increasingly attracted to member municipalities to set up operations.
- As a result, municipalities have an increasing need to optimize the “customer experience” for those interested in doing business in the community and will require digital tools / enhanced IT to deliver this.



Bruce Power / Potential DGR Development

- The Bruce Power site, as well as the potential deep geological repository (DGR) site (currently under consideration for development in South Bruce) will continue to drive new employment opportunities which is attracting new residents to the communities within the MIC municipalities.
- Resident growth driven by employment will further increase demand for services which need to be efficiently delivered.
- These projects are also increasing the cybersecurity risk faced by select municipalities, further underscoring the necessity to invest and prioritize this component of IT.

COVID-19 Pandemic & Remote Work

- The Pandemic has created a need to organizations to rapidly shift to remote working, which had not been the norm for most MIC member municipalities in the past.
- Working from home has created increased and / or new needs around hardware and software compared to office work.
- Working from home has exposed challenges with legacy architecture (e.g., servers vs cloud), availability of IT support services, and cyber & disaster recovery risks which have not been comprehensively addressed.

Given the above growth drivers, IT will be a critical business capability to prioritize developing in the coming years, because it will support the efficient delivery of high quality, new and existing services that will be demanded by a growing, diversifying community of residents and businesses. Improved IT capabilities will also better position MIC member municipalities to respond to change more rapidly and effectively in an increasingly digital operating environment amidst the COVID-19 pandemic and beyond.

Future State – Summary

Opportunity Area

Future State



*Exceptions include Bruce County & Saugeen Shores

** Specific timing, and more detailed initiatives / activities to outlined in Excel version of Roadmap

Recommendation Assessment



Key Benefits of Future State Combined Recommendation

- Overall recommendation consists of a combination of quick wins (e.g., easy / quick to realize cost savings through VOR purchasing), and longer-term transformational initiatives which will enhance IT maturity across MIC member municipalities.
- Overall solution provides optimal balance between maximum scope / degree of collaboration, and maximum flexibility (to opt in / opt out where necessary by individual municipalities).
- New IT service quality to improve compared to 3rd party service provided (potentially in terms of availability, extent of services offered including more tailored / more proactive vs reactive approach being taken, etc.).
- Key unaddressed cybersecurity and disaster recovery risks faced by most municipalities in current state will be mitigated through enhancement of measures in place.
- Increased level of standardization in hardware & software expected to emerge over time as a result of joint procurement, thereby improving ease of IT service delivery (e.g., maintenance).
- Improved knowledge sharing across MIC group related to IT, technology, and digital transformation topics over the long term helps raise IT awareness across municipalities with less current state in house expertise & maturity.



Key Considerations For Future State Recommendations

- Increased time and investment requirements from municipalities to participate in collaboration (e.g., JITS), and stand up the new IT shared services function / "business" (in the case of Bruce County / Saugeen Shores).
- Success of initiatives is highly dependent on degree of participation, so buy in from key stakeholders will be crucial.



Alignment With Guiding Principles



Potential Cost Savings Summary – Joint Savings (Procurement)

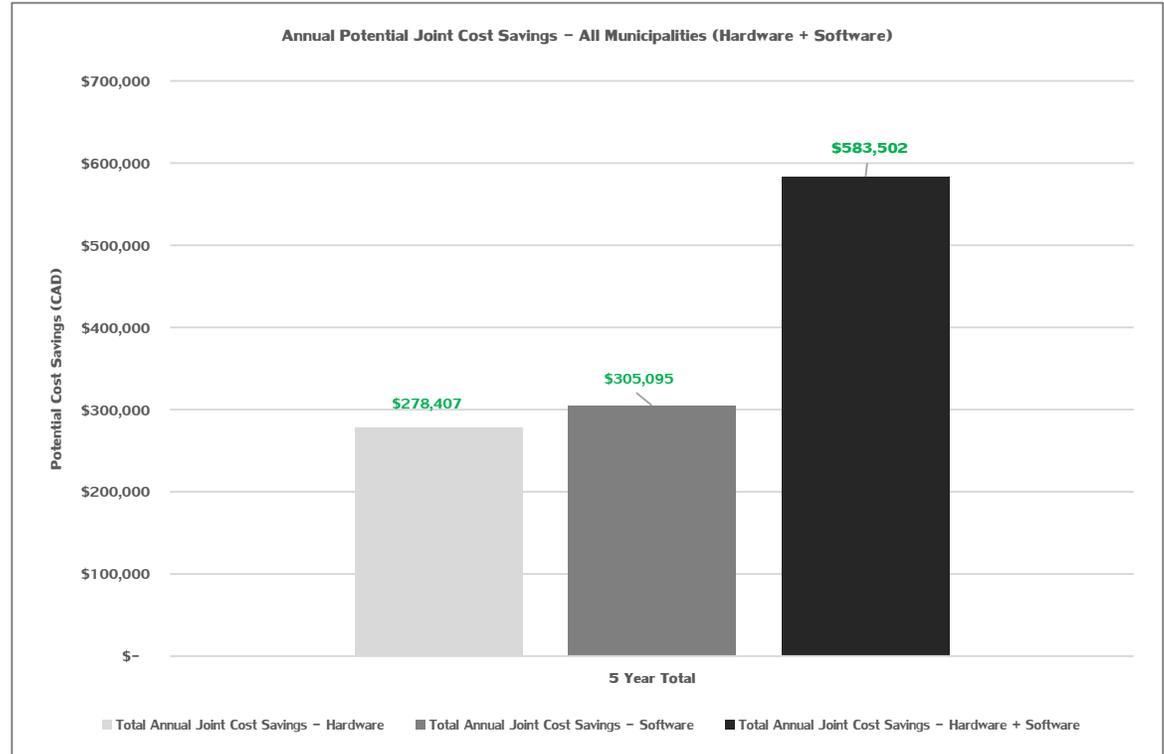
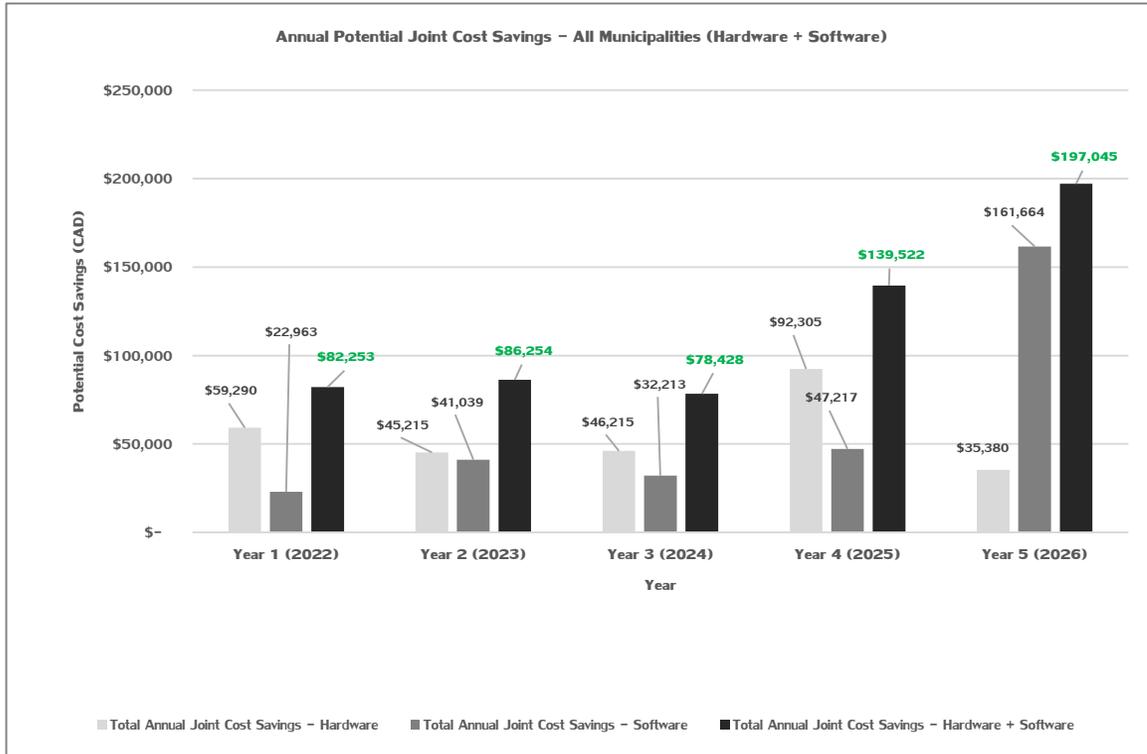
Cost savings were projected for the selected in scope categories:

1. Hardware:

- a) **Joint Procurement:** Printers / scanners / photocopiers / fax machines, and Networking equipment
- b) **Individual Procurement (via VORs):** Laptops, desktops, monitors / TVs, tablets

a) **Individual Procurement (Via VOR):** MS 365 licenses

b) **Joint procurement (via RFPs as needed):** SharePoint consultancy services, records retention software, project management software, CMMS / Work order management software, HRIS software, budgeting software, finance / treasury software.



- Potential cost savings for both hardware and software purchases will steadily increase over time in proportion to increasing IT budgets over the years.
- Over the next 5 years, all 8 municipalities will collectively benefit from potential annual cost savings ranging from **\$78,428** – **\$197,045** per year.

- Over a 5-year period, the total joint potential cost savings to be incurred across all 8 municipalities is **\$583,502** for both hardware and software purchases.
- Potential software joint cost savings appear to be higher than hardware joint cost savings due to the higher overall acquisition cost of the 8 in scope software candidates selected.

Note 1: All projections were calculated using a set of assumptions agreed upon with the project team.
Note 2: All projections are +/-50%, and subject to change.