Report to
Rapport au:

Finance and Economic Development Committee
Comité des finances et du développement économique
6 June 2017 / 6 juin 2017

and Council
et au Conseil
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE   **File Number**: ACS2017-CSD-ITS-0002

SUBJECT: Information Technology Services Resource Alignment

OBJET: Affectation des ressources des Services de technologie de l'information

REPORT RECOMMENDATION

That the Finance and Economic Development Committee recommend that Council approve the transfer of $1.4M of professional services within the Information Technology Services budget to compensation and establish 12 full-time equivalents as outlined in the report.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil d'approuver le transfert d'une somme de 1,4 million de dollars dans le budget des services informatiques aux rémunérations et établit 12 postes équivalents temps plein tel que décrit dans le rapport.

BACKGROUND

Information Technology Services (ITS), within the Corporate Services Department, is a core internal services function within the City of Ottawa. ITS is the technology services provider for the City as well as the Ottawa Public Library (OPL) and Ottawa Public Health (OPH). The user base relying on ITS support totals approximately 19,000 full-time and part-time staff.

ITS is experiencing significant positive changes as part of the recent organizational alignment with a vision of ensuring that the delivery of IT services is nimble, focused, value-driven and client-centric. The new organizational structure is committed to enabling cost-effective and innovative technology solutions to support the business operations of the City and consists of eight branches including: (1) Network Operations, (2) Frontline Services, (3) Applications Management, (4) SAP Solutions, (5) Technology Security, (6) Technology Modernization, (7) Technology Project Management and (8) Technology Solutions.

DISCUSSION

Staffing

Although the technology footprint of the Corporation has been growing to support the delivery of a wide range of services, the internal ITS resources (dollars and permanent Full Time Equivalents (FTEs)) have been on the decline comparatively. Total permanent FTEs have declined from 314 in 2014 to 303 in 2016. During the same period, ITS has employed significant numbers of temporary resources and spent an average of $5M on professional services annually.

This divergence between growth of internal resources and the technology support needs of the organization has created two direct impacts:

1. efforts and resources have been prioritized to focus on keeping the lights on versus investing in longer term strategic modernization efforts; and,
2. there is an increasing dependency on supplementing capacity via the engagement and reliance upon external consultants.

Reliance on external consultants to support niche project work is a reality for any ITS function in a large corporation. However, as resources and demands have shifted over time, the City has become dependent on external and/or temporary expertise to conduct daily core ITS operational work. This report recommends that certain ongoing daily operational services be provided by permanent internal staff. This approach is beneficial for a number of reasons, including:

- Reliance upon external consultants for core operational work exposes the City to the risk of uncertain availability of consultants and exposure to rising costs as other organizations compete for the same consultants;
- Internal resources represent lower costs compared to the more expensive hourly rates for consultants. The cost efficiencies can be directly reinvested into the City's IT systems;
- Internal resources enable capacity development and cross-training opportunities. Staff that take over from consultants can cross-train other internal resources to create skills depth, which is not possible when consultants are performing the work;
- Permanent internal positions offer opportunity to attract higher quality talent as compared to recruiting for temporary staffing positions;
- Building the complement of permanent internal resources supports the cultural change occurring within ITS, where we invest in our own staff, and support employee engagement as well as our commitment to excellence in service delivery; and,
- A stronger complement of internal resources allows for improved capacity planning and reduces City dependency on over-time and on-call resources.

The overall use of contractor relationships for ongoing work also means that the City must be ever mindful of the potential for exposure to liability. Notwithstanding how well a contract is structured, the courts may deem the work relationship between the contractor and the contract manager to be an employer-employee relationship. This situation can be pronounced when a contractor has remained with the City of Ottawa for an extended period of time, creating exposure to certain liabilities and additional employment law considerations.

To better understand resource use, the ITS management team conducted a thorough analysis of all areas of work where IT Services relies on external consultants and temporary resources. This exercise was further driven by the fact that, as a result of corporate-directed budgeting practices, ITS is no longer able to fund temporary staffing resources from professional services dollars. This analysis identified the most essential

functions where there is an opportunity to build permanent resources that will increase overall capacity and achieve efficiencies with no additional funding.

This report recommends the transfer of $1.4M in existing professional services budget allocation to compensation to create 12 full-time equivalents (FTE's) to support permanent internal staffing. In accordance with the Delegated Authority Bylaw, Council must approve increases to the Council approved full-time equivalents and the approved compensation budget.

Table 1 below outlines the summary of the benefits analysis and details the breakdown of recommended FTEs/costs for the various ITS functions.

Functions	Description	Recommendation	Benefits
Oracle Service Bus (OSB) Management	Core system for most business applications that requires daily management is reliant upon on external consultants. Currently incur approximately $250K in annual costs for external consulting expertise.	Add 1 FTE and convert $125K in professional services costs to compensation dollars.	Build capacity by replacing external consultants with internal staff. Train internal staff to improve in-house capabilities, which will yield an additional $125K in professional services costs to be redirected within ITS.
Drupal Development	Platform for Ottawa.ca is supported on a daily basis by external consultants. Currently incur approximately $250K in annual costs for external Drupal consulting expertise.	Add 2 FTEs and convert $250K in professional services costs to compensation dollars.	Build capacity by replacing external consultants with internal staff.

Security Architect	Planning/Configuration of technology security architecture is daily essential work performed by external consultants. Currently incur approximately $225K in annual costs for part-time security consultants.	Add 1 FTE and convert $125K in professional services costs to compensation dollars.	Build capacity by replacing external consultants with internal staff. Redirect a further $100K from professional services towards software tools to enhance security coverage and reduce over-time and on-call costs.
Marval Support	Case management system that is utilized by various City functions to carry out daily operational work. All operational support of this software solution is provided by external consultants. Currently incur approximately $150K in annual costs for external Marval consulting expertise.	Add 1 FTE and convert $115K in professional services costs to compensation dollars.	Build capacity by replacing external consultants with internal staff. Redirect $35K in freed up professional services dollars towards Marval enhancements.
SAP Payroll Support	Payroll is a major business user of the SAP system with a majority of operational support provided by external consulting firms. Currently incur approximately $200K in annual costs for external SAP consulting expertise.	Add 1 FTE and convert $125K in professional services costs to compensation dollars.	Build capacity by replacing external consultants with internal staff. Redirect a further $75K from professional services to enhancing SAP functionalities.

Elections Project Lead	Delivery of municipal elections is entirely reliant upon core technologies supported by ITS using ad-hoc temporary staffing measures, resulting in lack of consistency and loss of technical knowledge. Currently incur approximately $115K in annual costs for temporary resources. Given professional services can no longer be used to hire temporary staff, the City would need to hire an external consultant.	Add 1 FTE and convert $115K in professional services costs to compensation dollars.	Build capacity and increase stability by replacing long term temporary employees with permanent staff. Realize a cost avoidance of $100K if the existing temporary staff is replaced with an external consultant.
Computer Lifecycle Program	Replacing 2,000 computers annually and maintaining a current computer fleet requires the use of supplementary temporary employees, resulting in lack of consistency and an inability to keep pace. Currently incur approximately $95K in annual costs for temporary resources. Given professional services can no longer be used to hire temporary staff, the City would need to hire an external consultant.	Add 1 FTE and convert $95K in professional services costs to compensation dollars.	Build capacity and increase stability by replacing long term temporary employees with permanent staff. Reduce overtime costs and realize a cost avoidance of $25K if the existing temporary staff is replaced with an external contractor.

Mobile Solutions Specialist	The creation and delivery of new mobile solutions requires expanded support and expertise.	Add 1 FTE and convert $105K in professional services costs to compensation dollars.	Fill essential work plan gaps. Realize a cost avoidance of $50K if this need is met with an external contractor.
Technology Change Management	The management and assessment of technical changes to avoid unintended impacts on interconnected systems, downtime, and reactionary IT expenses requires increased support and expertise.	Add 1 FTE and convert $125K in existing professional services costs to compensation dollars.	Fill essential work plan gaps and reduce over-time and on-call costs. Realize a cost avoidance of $50K if this need is met with an external contractor.
Data Storage Architect	Growing data needs of the organization are creating pressure to purchase and maintain storage appliances and increasing cyber threat risk to data stored on servers. These factors are creating a long-term need for expertise in order to manage risk.	Add 1 FTE and convert $125K in professional services costs to compensation dollars.	Fill essential work plan gaps. Realize a cost avoidance of $100K if this need is met with an external contractor.

Quality Assurance	The requirement for a quality assurance practice to enhance and upgrade a complex web of 170+ applications is creating a long-term need to acquire expertise in this area.	Add 1 FTE and convert $115K in professional services costs to compensation dollars.	Fill essential work plan gaps and reduce over-time and on-call costs. Realize a cost avoidance of $50K if this need is met with an external contractor.

RURAL IMPLICATIONS

There are no rural implications for this report.

CONSULTATION

No public consultations were conducted for this report.

ADVISORY COMMITTEE(S) COMMENTS

No consultations were conducted for this report.

LEGAL IMPLICATIONS

There are no legal implications associated with the approval of the recommendations contained in this report.

RISK MANAGEMENT IMPLICATIONS

The recommendation supports the ongoing mitigation of risks associated with potential liability associated with contractor relationships reinterpreted as de facto employer-employee relationships.

FINANCIAL IMPLICATIONS

There are no financial implications as the FTE's identified in this report are funded from existing resources.

ACCESSIBILITY IMPACTS

The efficient delivery of ITS supports all accessibility objectives of the City.

ENVIRONMENTAL IMPLICATIONS

No implications.

TECHNOLOGY IMPLICATIONS

Information Technology Services (ITS) is dependent on certain core technologies to enable daily business operations for the corporation. In the event that ITS continues to be dependent on external expertise for core functions, it diminishes ITS' abilities to react to business requests in a timely and financially feasible manner.

TERM OF COUNCIL PRIORITIES

This report supports the Financial Sustainability priority of Council by ensuring resources are used to achieve maximum benefit.

DISPOSITION

Corporate Finance will process the required budget adjustments and create the FTEs. IT Services will work with Human Resources to create and staff the approved positions.