

Report to / Rapport au:

**OTTAWA POLICE SERVICES BOARD
LA COMMISSION DE SERVICES POLICIERS D'OTTAWA**

27 February 2017 / 27 février 2017

Submitted by / Soumis par:

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**SUBJECT: INFORMATION MANAGEMENT / INFORMATION TECHNOLOGY
(IM/IT) ROADMAP AND IMPLEMENTATION: CONTRACT APPROVAL**

**OBJET: FEUILLE DE ROUTE POUR LA GESTION DE L'INFORMATION ET LA
TECHNOLOGIE DE L'INFORMATION ET MISE EN ŒUVRE :
APPROBATION DU CONTRAT**

REPORT RECOMMENDATIONS

That the Ottawa Police Services Board:

- 1. Approve the selection of PricewaterhouseCoopers LLP (PwC) as the preferred Proponent for the RFP; and**
- 2. Approve the award of the Master Contract under the RFP to PwC.**

RECOMMANDATIONS DU RAPPORT

Que la Commission de services policiers d'Ottawa :

- 1. Approuve la sélection de PricewaterhouseCoopers LLP (PwC) comme soumissionnaire privilégié pour la demande de propositions;**
- 2. Approuve l'attribution du contrat principal à PwC dans le cadre de la demande de propositions.**

BACKGROUND

Information technology (IT) is an essential tool for policing. Properly applied, these tools will help the Ottawa Police Service (OPS) meet the goals set out in its Business Plan and support the organization-wide transformation work that is proceeding under the Service Initiative (SI) Program in an efficient and cost effective manner. Enhancing officer safety, reducing the administrative burden on front line personnel – both sworn and civilian - and providing increasingly improved service to the public are also benefits to be achieved.

Information management (IM) is also critical to the success of OPS. Policing now relies upon complex, often decentralized and rapidly growing amounts of data, both for its operational and business functions. Effective police organizations must manage the timely input, reconciliation and flow of that data to perform critical analysis and even predict the likelihood of certain occurrences. Analytics are becoming the lifeblood of modern policing and are the expected way to deliver timely and accurate information to members and meet community service needs.

In April 2016 the Board adopted the IM/IT Roadmap for OPS and an approach for its implementation. The Roadmap sets out a vigorous and much needed 6 year modernization plan for the OPS IM/IT environment to ensure OPS has the infrastructure needed to meet current policing challenges, as well as those on the horizon, and to support the transformation of the organization.

An experienced implementation partner is key to the success of the Roadmap as OPS lacks the internal resources to carry out a program of this scope. The purpose of this report is to outline the steps which have been taken to select the partner.

The contract framework under which the partnership will work is also a key success factor. The report outlines the key elements of the contract framework.

Implementing the Roadmap will enable the OPS to boost productivity and leverage technical advances readily available in the marketplace and in use by leading police organizations; and keep OPS on the leading edge of police capabilities. The scope of the Roadmap is ambitious yet vital to meeting the needs of the Service and the community it serves. It is crucial that the OPS takes a coordinated and centralized approach to the execution of these initiatives to maximize efficiency and value.

DISCUSSION

The last significant investment in the OPS IM/IT environment occurred upon amalgamation in the 1995 to 2000 era when the Ottawa-Carleton Regional Police Service (the name for OPS at the time) undertook a significant IT project. With financial support from the Province as part of the amalgamation initiative, a common IT environment was introduced featuring up to date operational tools and systems at a cost of under \$15 million.

Financial provisions have been built into the OPS operating and capital budgets to ensure that this environment has been ever-greened and refreshed. However it has been 16 years since the last major IT investment and significant advances have occurred that have produced game-changing approaches to how information management and information technology can be used in policing and public safety.

IM/IT Challenges Facing OPS

In 2014 IBM was engaged to conduct a review of the IM/IT environment at OPS. Their size-up revealed that OPS faced significant challenges:

- Information was siloed and dispersed throughout the organization
- Current technology did not support and facilitate accurate data
- IT disaster recovery plan not developed or implemented
- Front line officers not equipped with real time information to enable predictive police
- Enterprise data on work, time management, assets, maintenance, skills was incomplete, missing or not readily available or shared.

As part of their work they helped us to envision a future state for OPS, one in which:

- IT is a core competency within OPS
- There is an IT vision, thought leadership, skilled practitioners and executive sponsorship
- Enterprise thinking, planning and execution is a mainstay
- Data is leveraged, personnel are driven by analytics.

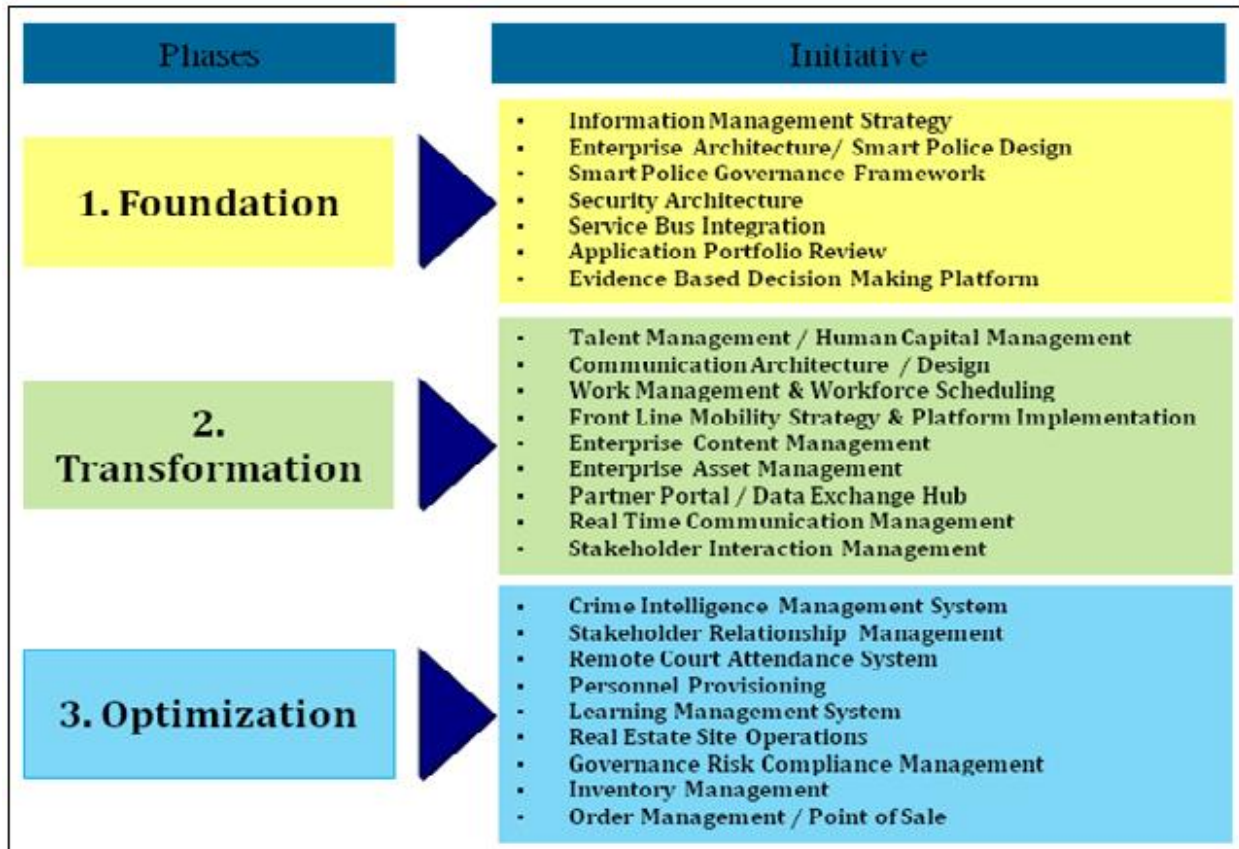
IM/IT Roadmap for OPS

The IM/IT Roadmap was developed as the outcome of the work with IBM. It took as a starting point the current state of OPS' infrastructure, the needs of the SI, the Business Plan, the Chief's priorities and operational plans. The future vision was synthesized into the analysis along with the trends in the police environment.

The result is a comprehensive Roadmap for OPS that will deliver foundational, evolutive and transformational Information Technology initiatives that will contribute to promoting proactive policing, reducing crime rates, enabling information sharing and supporting increased efficiency.

The Roadmap is comprised of 25 elements that together will create the integrated environment needed to support the OPS. They are divided into three groupings – Foundation, Transformation and Optimization – and generally will be implemented in that order over the next 6 years.

Figure 1



Engagement of Gartner

Gartner Consulting has been retained as a key partner to provide program support to OPS during the Roadmap implementation. Their role will be to help ensure we get the products we contract for as valued, and achieve the expected benefits.

As previously approved by the Board, they will continue play a key role in three phases of the Roadmap: vendor selection, program monitoring and quality assurance, and organizational change management. They will also play a role in managing the risks of the project. They will remain engaged with OPS for the duration of the Roadmap project. The Board entered into a six year contract for their services at a cost of \$4,450,000 for a six year period beginning in Q2 2016, not including taxes.

Implementation Approach

Three partners will be working closely together to ensure the successful delivery of the Roadmap over the next six years: OPS, Gartner and the Prime Contractor. All will be working on OPS premises.

The prime contractor will acquire the goods and services to implement the Roadmap, primarily through sub-contractors, and oversee the implementation of the work packages. There may be some work packages in which the prime contractor is the industry leader and for which they will provide the solution. The Roadmap will guide the order for solution implementation. The master contract specifies how competitive prices and solutions are to be sought. Generally three solutions are to be brought forward for consideration.

Gartner will play an important role by monitoring the technical calibre of the applications being proposed and the price points. They rely on the up-to-the-minute research carried out globally by analysts in their company to use as a basis to validate the proposals being tabled by the prime contractor.

Prime Contractor Selection

Staff have followed a rigorous and comprehensive process to seek the contractor that will be OPS' implementation partner.

- City Procurement was engaged to oversee, develop and run the RFP process
- Gartner was engaged as the IT research advisory service to construct the RFP, and to provide independent on-going support to the program
- P3 Advisors was retained to perform the function of Fairness Commissioner throughout the RFP process

- The RFP was posted to MERX May 2016
- The RFP closed during September 2016 which allowed for extensive correspondence between the bidders and City Procurement to clarify aspects of the RFP.
- Six (6) final submissions were received for evaluation
- The RFP technical evaluations were carried out between September and November 2016 by a cross sectional team of experts both within and external to the OPS
- Gartner supported the evaluation process.
- PricewaterhouseCoopers LLP was selected as the preferred proponent, giving consideration to both the technical and financial aspects of the proposal
- Borden Ladner Gervais LLP (BLG) was retained to represent the legal interests of OPS and the City
- Negotiation of the Master Contract has been underway since November 2016.under the guidance of BLG and City Procurement
- A Master Services Agreement was reached between OPS and PwC Jan 2017
- The Highlights of the Master Services Agreement are outlined in Document 1.

Timelines, Cost and Benefits

The Roadmap has been planned over a 6 year implementation timeframe, starting in 2017. Total project costs are estimated to be \$41.3 million. The analysis shows that it can deliver \$28.3 million of benefits over that period, both financial and non-financial.

Capital funding of \$41.3 million has been planned for the project through new reserve funding, re-directed IT capital funding and financial project benefits. A new funding envelope has been added to the operating budget to finance the capital costs and to offset operating costs for the new infrastructure. It will increase annually by the amounts shown below.

- \$1.4 m: 2015
- \$2.2 m: 2016

- \$2.0 m: 2017 to 2020

Regular Updates with FAC

Staff will meet regularly with the Board's Finance and Audit Committee and provide updates on the Roadmap. One aspect of the update will be the quarterly status report provided by Gartner. Financial status reports will be provided as well as a benefits achievement update.

CONSULTATION

Extensive professional consultation occurred during the RFP and contract negotiation processes with the following:

- City Procurement – engaged to run the RFP process and participate in the negotiations
- Gartner – engaged to provide independent oversight and advice throughout the process
- P3 Advisors – engaged to act as the Fairness Commissioner for the RFP process
- BLG – engaged to perform the legal services required on behalf of OPS and the City

LEGAL IMPLICATIONS

The legal implications have been identified in Document 1 and are being managed by the appropriate staff.

RISK MANAGEMENT IMPLICATIONS

Program Level - one potential risk that could impact timelines at the program level would be if one or more unplanned major events were to occur in the City requiring extensive deployment of OPS resources that would take implementation resources away from the team for an extended period. Language has been included in the Master Services Agreement to allow for suspension of work up to 180 days if required. It is anticipated that given the length of the term, timeline risks can be managed within the program envelope.

Project Level - risks at the project level are expected to be identified and managed at the team level within each Statement of Work should a risk materialize into an actual

issue. The program will mitigate and address risks that arise above the level of an individual project.

FINANCIAL IMPLICATIONS

Capital Costs and Pay-as-you-go Strategy

The estimated capital cost of the Roadmap is \$41.3 million over 6 years (Table 1) and has been reflected in the 2017 OPS budget. As actual data from PwC becomes available when the work packages are formulated, these estimates will be adjusted.

The capital costs of the Program will be funded primarily by a pay-as-you-go strategy, along with a partial re-direction of existing planned IT capital spending. The pay-as-you-go strategy has been smoothed out at an annual amount of \$1.3 million over the final 4 years of the funding strategy (Table 1).

Table 1
IM/IT Roadmap Capital Costs and Pay-As-You-Go Funding
(\$ millions)

| Year | Account Code | Capital Budget | Pay-As-You-Go Increase |
|--------------|--------------|----------------|------------------------|
| 2015 | 907924 | 4.4 | 1.4 |
| 2016 | 908263 | 8.7 | 1.8 |
| 2017 | 908689 | 6.8 | 1.3 |
| 2018 | TBD | 9.5 | 1.3 |
| 2019 | TBD | 8.8 | 1.3 |
| 2020 | TBD | 3.1 | 1.3 |
| Total | | 41.3 | 8.4 |

Operating Costs and Benefits

The expanded infrastructure and functionality of the Roadmap will add roughly \$10.2 million of operating costs to the OPS budget. Most of this cost - \$8.1 million - will be offset by financial benefits realized through the implementation of the new tools over the 6 years of the project. The remainder of \$2.1 million will be gradually added to the operating budget (See Table 2).

The Roadmap is expected to generate two types of benefits: financial benefits of \$8.1 million that can be used to help offset costs and budget pressures, and non-financial

benefits of \$20.2 million which can be used to enhance service levels. Financial benefits primarily arise from the introduction of new ways of doing work in civilian areas of OPS which are very labour intensive, resulting in fewer positions. Non-financial benefits are created when new ways of doing work free-up time for both sworn officers and civilians, which can be channelled into new or better service offerings. This translates into 250,000 freed-up hours of sworn officer time and 75,000 hours of civilian time. Table 2 sets out these estimates by year. Year 1 will begin following Board approval of this report and sign-off on the Master Services Agreement with PwC.

Table 2
Roadmap Operating Costs and
Benefits
(\$ millions)

| | Operating Costs | Operating Budget Increase | Financial Benefits | Non-Financial Benefits |
|--------------|-----------------|---------------------------|--------------------|------------------------|
| Year 1 | | | | 0.5 |
| Year 2 | 0.8 | 0.7 | 0.1 | 3.7 |
| Year 3 | 3.0 | 0.7 | 2.3 | 3.9 |
| Year 4 | 3.2 | 0.7 | 2.5 | 3.7 |
| Year 5 | 2.0 | 0.8 | 1.2 | 4.3 |
| Year 6 | 1.2 | (0.8) | 2.0 | 4.1 |
| Total | 10.2 | 2.1 | 8.1 | 20.2 |

SUPPORTING DOCUMENTATION

Document 1: Highlights of the Master Contract

CONCLUSION

OPS has selected PwC as its implementation partner for the IM/IT Roadmap and negotiated a Master Services Agreement to set out the framework for this partnership. It is the final step needed to launch the IM/IT Roadmap. OPS will now be on a path to improve service delivery in an increasingly digitized world.

Document 1: Highlights of the Master Contract

1. **Deliverables and Services.** The Agreement contemplates the provision of defined deliverables and services pursuant to one or more SOW(s) in accordance with the specifications attached to the Agreement, including SOW(s), in exchange for pricing set out in the Agreement.
2. **Acceptance and Rejection.** OPS has specific rights to inspect the deliverables prior and post-delivery and to conduct acceptance testing in accordance with agreed test plans. Where expressly provided in the applicable test plan, if a specified service or deliverable does not meet the applicable acceptance criteria after a third round of acceptance testing, OPS may treat such failure as a material breach giving rise to a right of termination of the Agreement.
3. **Standards and Performance.** PwC must adhere to specific standards in providing the services and deliverables, including allocating the appropriate amount of resources; complying with quality management standards and applicable laws; and performance in accordance with the service levels and performance standards.
4. **Audit, Savings and Benchmarking.**
 - a. OPS or the City of Ottawa (or a third party designee) can audit PwC and all authorized subcontractors during the Term and for 7 years following termination or expiry.
 - b. As part of the cost savings measures, PwC intends to provide OPS certain future cost savings and will also identify potential savings or improved methods through the change order process to OPS.
 - c. OPS has the option to benchmark elements of the work, fees, service levels and service credits against industry standards.
 - d. OPS has the right to have a party “step-in” if PwC breaches the Agreement that directly causes or reasonable likely causes a material interruption in the provision of the deliverables or services or significantly damages the reputation or goodwill of OPS.
5. **Key Personnel and Subcontractors.** Key personnel, as identified in the Agreement, may only be replaced by PwC upon notice and acceptance by OPS and in accordance with the process set out in the Agreement.

6. **Data and Confidentiality.** PwC must implement industry best practices to restrict access to its premises and systems and to prevent loss and damage to its systems, software and data. All personnel who will have remote access to the OPS systems or OPS data shall satisfy the requirements in the Agreement. PwC must also segregate OPS data from other data and have certain obligations to retrieve and destroy the data upon termination or expiry of the Agreement. The confidentiality provision in the Agreement is bilateral, protects both parties' confidential materials and permits disclosure in limited circumstances. OPS shall not provide Personal Information that are not required for the delivery of Services or Deliverables to PwC.
7. **Intellectual Property.** The Agreement sets out ownership of intellectual property between the parties.
8. **Representations and Warranties.** PwC provides typical representations and warranties including, no breach of applicable law; PwC has obtained third party rights and licenses; PwC is free of conflicting interests and pending litigation; the services and deliverables do not infringe third party intellectual property rights; and qualification of PwC and personnel. PwC also provides a 90 day limited deliverables warranty that such deliverables will substantially conform and operate in accordance to the associated specifications. OPS provides limited representations and warranties in return.
9. **Limitation of Liability.**
 - a. The liabilities against either PwC and OPS is limited to the aggregate of the amounts payable under the applicable SOW or SOWs that give rise to the claim except for (a) failure to pay undisputed fees; (b) breach of confidentiality obligations (subject to arrangements regarding personal information); (c) breach by OPS of PwC's intellectual property rights; (d) damage to tangible or real property or injury or death to persons due to negligence or wilful misconduct of the party; (e) intentional or wilful misconduct, gross negligence, or fraudulent misrepresentations, acts, omissions of PwC or any person for whose conduct PwC is responsible; and (f) any OPS liability arising out of the its failure to obtain or election not to seek any required consent for the disclosure of any OPS data or personal information.
 - b. PwC's liability for the indemnity related to any loss of, damage to, or destruction of the OPS data in PwC's possession or control (not caused by OPS' failure to obtain consent) is limited to two (2) million dollars.

- c. The general cap on liability to either party does not apply to PwC's indemnity to OPS relating to any third party claim based on an alleged breach by PwC of any agreement with a third party; claim by any personnel or any authorized subcontractors based on or resulting from PwC's act or omission; and third party intellectual property claim.

10. General Indemnity from PwC. PwC is indemnifying OPS (including the City of Ottawa and other associated persons) from any losses in connection with (a) any third party claim arising from any negligent misrepresentations, acts or omissions of PwC; (b) destruction of OPS data (excluding if caused by OPS' failure to obtain consent for the disclosure of such OPS data); (c) any third party claim arising from death or personal injury of any person to the extent caused by PwC; (d) any third party claim arising from third party services (including third party software); (e) any third party claim based on breach of agreement as between PwC and a third party; (f) any fines, penalties levied against OPS Indemnitees. PwC's indemnity will not extend to claims arising from OPS' associated persons breach of the Agreement or failure to abide by the terms of the SOW or applicable law; or from PwC's compliance with OPS instructions where PwC has expressed that such claim may result from OPS' instructions.

11. IP Indemnity from PwC. PwC further indemnifies OPS from any third party intellectual property claims except relating to OPS' use or combination of the services and deliverables that was not approved by PwC or contemplated under this Agreement or where the infringement was a result of OPS electing not to receive an Upgrade that would have prevented it.

12. Term and Termination.

- a. The Agreement contemplates an initial term of six (6) years with OPS' option to extend by up to four (4) successive extensions of up to one (1) year each.
- b. OPS can terminate the agreement for PwC's default, subject in many cases to a right of PwC to cure such default.
- c. In addition, OPS can terminate the Agreement or any part of the services or deliverables and/or any SOW for convenience upon not less than 120 days prior written notice to PwC.
- d. OPS may at any time order PwC to suspend or stop all or part of the work under the Agreement for a period of up to 180 days.

- e. In the event of termination or expiry of the Agreement or the SOW, OPS shall pay PwC the fees for (i) all undisputed Services and Deliverables performed or delivered prior to the effective date of termination; (ii) all expenses preapproved or incurred under the Agreement and (iii) only if termination is made without cause, a prorated amount for Deliverables not measured on a time and materials basis and the time and materials charges for Deliverables measured on a time and materials basis.

13. **Transition.** Upon termination, PwC shall provide certain termination transition services to ensure the orderly transition of services to OPS or a third party, which includes the development of a mutually agreed transition-out plan. During this time and until OPS directs PwC in writing to cease providing the services and deliverables, PwC shall continue to provide such services and deliverables and OPS shall pay the related fees.

14. **Insurance.** The Agreement contemplates PwC to obtain and maintain the insurance coverage set forth in the Agreement during the term of the Agreement and SOW. OPS, the City of Ottawa and the directors, officers, agents, employees and volunteers are named as additional insureds.