

I EXECUTIVE SUMMARY

1. INTRODUCTION

The Office of the Corporate Chief Information Officer (OCCIO) has been established for many years. At the same time as this new appointment was made the various ministries serving similar sectors were brought together into information technology clusters to share technical and development resources. This was a novel approach at the time; these changes have since become firmly entrenched. Many of the original objectives have been achieved, and during the coming year the Office will ensure the continued consolidation of infrastructure and services, encourage the increased use of common applications and components and implement a more rigorous management of I&IT assets across the enterprise of the Ontario Government. The Ontario Government has made significant progress towards managing information and information technology as an enterprise.

- The Ministry of Government Services brings together elements from the former Management Board Secretariat (of which the OCCIO formed part), the former Ministry of Consumer and Business Services and the Centre for Leadership and Human Resources Management. The Ministry of Government Services focuses on modernizing government operations and improving the internal administration and front-line public services. All of the I&IT programs within the ministries are now the responsibility of the Cluster CIOs.
- There are several key organizations within the Corporate CIO office. The following details the I&IT responsibilities within the Office of the Corporate Chief Information Officer.
 - The Corporate Chief of Infrastructure Technology Services is responsible for all aspects of the operation and management of the Government's common information technology and telecommunication infrastructures. The objective of this function is to help minimize program development, implementation and operating costs through the sharing of expensive resources, the exploitation of advanced technologies, and the establishment of industry-government partnerships.
 - The Corporate Chief Technology Officer leads the effective and planned use of all forms of technology in the Ontario Public Service by providing an enhanced approach to enterprise architecture and strengthening the capability for the assessment and application of current and breakthrough technology. With a focus on horizontal requirements, the Chief Technology Officer provides direction in the best use and re-use of technology, and the facilitation of common technology solutions.

- The Corporate Chief Strategist leads the development of government-wide strategies, policies and plans, and aligns these directives with the overarching business strategy, as well as with general operations, governance and controllership guidelines.
- The Head of Corporate Security is responsible for developing and directing I&IT security policies. The mandate includes responsibility for disaster recovery as well as establishment of a security strategy.
- The Chief Information and Privacy Officer is responsible for communicating the expectation across the Ontario Public Services that privacy protection must be fully integrated with information management practices. This role emphasizes the commitment to improved information management and the need for strong management of privacy initiatives.
- The organization of ministries into business clusters, each of which has its own CIO, has enabled groups of ministries with similar missions to plan and operate as a unit. There have been three new cluster CIOs appointed during the last year.

2. OVERALL MARKET INFLUENCES

Public Sector Research has identified seven major areas and themes which will influence the Ontario I&IT market in 2009 and beyond. Exhibit 1 summarizes these findings.

- Beyond eOntario
 - Beyond eOntario is a new program that builds on the results of the e-Ontario program which has now ended. It is described in some detail in the Market Influences section.
 - e-Ontario has been part of Ontario's plan to modernize government services and operations. e-Ontario was driven by the mandate to make the best use of the government's I&IT resources. The e-Ontario strategy was approved in April, 2005. The path to the achievement of the e-Ontario vision consisted of three stages:
 - During the first stage, termed e-OPS, the primary focus was to improve the management of I&IT assets and IT Service Management processes. There are numerous applications across the OPS and many are past their useful lifecycle. The next wave of infrastructure consolidation includes four major consolidation initiatives in which significant success has been achieved.
 - Enterprise e-mail
 - Server and data centre consolidation

- Desktop management
- Service management.

The use of consolidated I&IT infrastructure services is now mandatory for all ministries, and regularly benchmarked against external peer and best practice groups.

- In the second stage - e-public sector – the program positioned OPS and other parts of the public sector to be able to gain from one another’s efficiency and effectiveness through collaborating across the public sector. It is expected that savings can be made in such areas as asset management and various service offerings.
- In the final stage - e-Ontario – the focus was on the longer-term direction, specifically on the broader economy and society. Moving towards e-Ontario addressed:
 - Efficiency as shown through lower cost-per-unit of I&IT
 - Improved quality shown through improved reliability and responsiveness
 - Improved effectiveness through meeting planned outcomes
 - Reducing costs through collaboration across the public sector.
- Major Applications Portfolio Strategy Project

The Major Applications Portfolio Strategy Project (MAPS) is an aggressive plan to create an inventory of all of the Ontario government applications. Legacy assessments on all critical applications were completed in order to promote a better understanding, across the OPS, of the value and risk associated with critical applications, to enable the discovery of opportunities, and to provide guidance on modernization of legacy applications. Significant funding has been approved for the renewal of legacy applications: \$600 million over three years. The detailed plans are still under development but it is expected that the bulk of the funds will be directed at major licensing systems within the Ministry of Transportation and further systems with the Children, Youth and Social Services Cluster.

- Centres of Excellence

There have been several centres of excellence established so that a cluster will take the lead in understanding, piloting and providing assistance to other clusters in the use of a particular process or technology. For example, the Health Services cluster has the lead on project management and the Economic and Transportation cluster is the centre for .NET development.

- Enterprise Information Management

The Chief Information and Privacy Office is ensuring that each cluster complies with the development of the Enterprise Information Management system. A major procurement has been undertaken this year to provide a set of standardized tools and procedures. The contract was awarded to Open Text in May, 2009. Under the terms of the contract, Open Text's solutions will provide the foundation for the government's enterprise information management strategy across all provincial government ministries, agencies and crown corporations. The solutions will include records and document management software, workflow management, collaboration software, Web content management and document imaging solutions. Open Text's solutions will also help the Ontario Government incorporate the latest social media software designed for enterprises. The solutions will use applications such as wikis, blogs, forums and communities to improve worker productivity and collaboration.

- Open for Business

Open for Business is the Ontario Government's ambitious three-year initiative to create faster, smarter and streamlined government-to-business services that make Ontario more attractive for business development while protecting the public interest. It also seeks to transform the Ontario government-to-business relationship.

It is planned to take action in three areas:-

- Create open and responsive collaboration between government and business,
- Reduce the burden of government regulation on business,
- Implement enhanced, single-access point services and products, coupled with service guarantees,
- Create a modern regulatory environment that fosters competitiveness and welcomes new business.

The program could have significant impact upon the way that systems are developed and deployed if the plans to access identification and other data across programs are deployed.

- Health

- The predecessor of e-Health Ontario, Smart Systems for Health was established as an operating agency in fiscal 2003-04 with the goal of meeting some stringent deployment targets. e-Health Ontario is the delivery vehicle for several new system initiatives. The governance issues revealed in the Spring will undoubtedly lead to more changes, but delays in meeting the targets for deploying electronic health records are certainly imperilled.

- Governance
 - An important Information and Information Technology Directive was approved by Management Board of Cabinet in August, 2006. This directive established policy and control parameters for the management of information and information technology in the OPS and guides the development and periodic updating of operational policies and related documents. The key thrust is to ensure that all ministries and agencies use the centralized infrastructure provided by Infrastructure Technology Services and implement standard governance processes. Clusters must also use common components, applications and services, undertake standard asset and information management as well as comply with standard security, architecture standards and project management processes.
 - There has been a significant focus on identifying smaller components of large projects to increase the likelihood of success. For example, the Road User Safety renewal project, an undertaking of the Transportation Cluster, reaped benefits by delivering on time and by improving the way it managed its costs. This approach can be expected to continue.
 - The Results-Based approach to Planning has been broadened to include extensive I&IT plans prepared by the Business Clusters. The planning process is assisting both the Business Cluster CIOs and the Corporate CIO's office to make sure that the enabling technology is in place to support the business needs. A more formal process was introduced during the 2007-08 year resulting in a more standardized planning process on a formal schedule.
 - A formal five year Strategic Planning process has been introduced that covers the years 2008-13. The first two years will have considerable detail.
- Shared Services
 - Ontario Shared Services has the mandate to manage all transactional services with respect to Human Resources, Finance, and Supply Chain Management. The organization looks at opportunities for greater efficiencies and effectiveness through the horizontal management of enterprise-wide transactional services. The focus is on streamlining policy, simplifying transactions, reducing cost and promoting smart consumption.
 - The Office continues to push for ministries to leverage common business requirements and existing investments in applications in order to derive mutual benefit and cost savings. As a consequence, clusters have been tasked with delivering effective business solutions either by developing major new systems or by identifying common solutions, and reaping gains accordingly. Examples of the latter include case management, electronic publishing and ordering. The thrust is broader than information technology as shown by recent efforts to improve procurement of office supplies and temporary help services.

- Procurement
 - The revision of I&IT procurement policies is gaining increasing attention. Government representatives, in concert with industry associations, are finding ways to improve procurement processes. The Procurement Policy and Information Technology Branch is part of Ontario Shared Services.

EXHIBIT 1

OVERALL MARKET INFLUENCES

- Beyond eOntario
 - Beyond eOntario is a program that builds on the results of the previous e-Ontario program.
- Centres of Excellence
 - There have been several centres of excellence established so that a cluster will take the lead in understanding, piloting and providing assistance to other clusters in the use of a particular process or technology.
- Enterprise Information Management
 - The Chief Information and Privacy Office is ensuring that each cluster complies with the development of the Enterprise Information Management system. A contract has been awarded to Open Text Corporation as exclusive Vendor of Record for Enterprise Information Management.
- Major Applications Portfolio Strategy Project
 - There is an aggressive plan to replace and consolidate legacy systems. Legacy assessments on all critical applications have been completed. Additional funding of \$600 million over three years has been approved.
- Open for Business
 - Open for Business is the Ontario Government's ambitious three-year initiative to create faster, smarter and streamlined government-to-business services that make Ontario more attractive for business development while protecting the public interest.

OVERALL MARKET INFLUENCES

- Health Portfolio
 - The e-Health Ontario governance issues will have a significant impact on program delivery dates.
- Governance
 - An important Information and Information Technology Directive was approved by Management Board of Cabinet in August, 2006. This directive established policy and control parameters for the management of information and information technology in the OPS and guides the development and periodic updating of operational policies and related documents.
- Procurement
 - The revision of I& IT procurement policies is gaining increasing attention. Government representatives, in concert with industry associations, are finding ways to improve procurement processes.

3. MARKET SIZE - 2008-2009

The 2008-2009 IM and IT market size for purchased products and services, excluding internal staff, remained essentially the same year-over-year as shown in Exhibit 2. The expenditures show a reduction in hardware, software and communications and increase in services expenditures.

EXHIBIT 2

| 2007 - 2009 MARKET SIZE | | | | |
|--------------------------------|---------------------|--------------------|---------------------|--------------------|
| Category | 2007 – 2008* | | 2008 – 2009* | |
| | % | \$ millions | % | \$ millions |
| Communications | 40.5 | 229.5 | 39.0 | 216.0 |
| Hardware and Software | 36.6 | 207.7 | 35.0 | 196.0 |
| Services | <u>22.9</u> | <u>130.0</u> | <u>26.0</u> | <u>146.0</u> |
| Total | | \$567.2 | | \$558.0 |

Salaries and wages are not included. Although categories may change following an audit, the total spending is likely to remain the same.

- In preparing the true external spending dollar amount, it has been necessary to make adjustments for the Infrastructure Technology Services recoveries from the clusters to avoid double counting.

The Ministry of Finance and the Ministry of Government Services provide the market size information. Common object codes are selected which reflect spending on specific I&IT products and services. This information is then summarized by the category of product and/or services and by the cluster involved.

The continuing reduction in overall expenses reflects infrastructure improvements rather than reductions in program expenditures. The focus will now shift to refreshing legacy applications under the MAPS program.

EXHIBIT 3

| INFORMATION TECHNOLOGY SPENDING BY MINISTRY/CLUSTER | | |
|--|------------------------|------------------------|
| Ministry/Cluster | 2007-08 \$ Millions | 2008-09 \$ Millions |
| Ministry of Finance | 62.1 | 49.0 |
| Cabinet Office and Other | <u>18.2</u> | <u>17.0</u> |
| Central Agencies Cluster Sub-total | 80.3 | 66.0 |
| Ministry of Community and Social Services | 62.0 | 42.1 |
| Ministry of Children and Youth Services | <u>7.8</u> | <u>7.0</u> |
| Children, Youth & Social Services Cluster Sub-total | 69.8 | 49.1 |
| Ministry of Citizenship and Immigration | 2.9 | 4.9 |
| Ministry of Culture | .2 | .7 |
| Ministry of Education | 22.9 | 18.9 |
| Intergovernmental Affairs | .3 | .0 |
| Ministry of Municipal Affairs and Housing | 4.8 | 7.8 |
| Ministries of Tourism | 1.0 | 1.0 |
| Ministry of Training Colleges and Universities | <u>14.5</u> | <u>15.7</u> |
| Community Services Cluster Sub-total | 46.6 | 49.0 |
| Ministry of Research and Innovation / Small Business | .5 | .5 |
| Ministry of Economic Development and Trade | .7 | 2.1 |
| Ministry of Labour | 2.7 | 8.2 |
| Ministry of Energy | .7 | .7 |
| Small Business and Entrepreneurship | | .5 |
| Ministry of Transportation | <u>46.7</u> | <u>61.4</u> |
| Economics and Transportation Cluster Sub-total | 51.3 | 73.4 |
| Government Services | <u>263.0</u> | <u>357.4</u> |
| Government Services Delivery Cluster Sub-total | 263.0 | 357.4 |
| Ministry of Health Promotion | 1.8 | 1.7 |
| Ministry of Health and Long-Term Care | <u>134.3</u> | <u>153.2</u> |
| Health Services Cluster Sub-total | 136.1 | 154.9 |
| Ministry of the Attorney General | 30.2 | 30.3 |
| Ministry of Community Safety and Correctional Services | <u>75.7</u> | <u>74.5</u> |
| Justice Cluster Sub-total | 105.9 | 104.8 |
| Ministry of Aboriginal Affairs | .4 | 1.6 |
| Ministry of Agriculture and Food | 2.6 | 3.2 |
| Ministry of the Environment | 9.9 | 12.3 |
| Ministry of Natural Resources | 45.0 | 47.4 |
| Ministry of Northern Development and Mines | <u>1.5</u> | <u>3.7</u> |
| Land/Resources Cluster Sub-total | 59.4 | 68.2 |
| Total Spending | <u>812.4</u> | <u>923.0</u> |
| Spending on Inter-Ministry Services | -245.2 | -365.0 |
| Total External Spending | <u>\$567.2</u> | <u>\$558.0</u> |

The following is an explanation of the major components in each category.

- Communications Equipment and Services includes voice, data, radio circuits and usage charges, as well as associated hardware and software. It also includes information service access charges.
- Hardware and Software includes rental, lease and purchases of computing equipment ranging from mainframe to mid-range to PC, as well as the software which operates on it. Hardware and software maintenance charges are included.
- Services include purchased data processing services, IT consulting and professional services and management consulting for the OCCIO.

4. MARKET FORECAST

Costs have been reduced slightly this year and follow the pattern of flat or slight reductions in spending seen in other levels of government. The savings from the start of the cost reduction program have now been largely achieved; however, there will be significant procurements in the technology area as consolidation plans continue to be implemented. Although some increase is expected this year from the MAPS program it is in the out years that much larger increases are expected.

A change in accounting policy will see the introduction of the capitalisation of information technology assets began in this fiscal year, 2009-10. This may have the effect of reducing apparent expenditures in the early years of this program. However it should make it easier to justify and fund larger projects with lengthy paybacks.

EXHIBIT 4

| MARKET FORECAST | | | | |
|------------------------|------------------|------------------|------------------|----------------|
| (\$ millions) | | | | |
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-11 |
| Total | \$567.2 | 558.0 | 610.0 | 675.0 |

5. OPPORTUNITY ANALYSIS

Exhibit 5 outlines a number of key business-oriented initiatives under way within the Government of Ontario. Most of these projects involve more than one ministry reflecting a trend toward the use of a multi-ministry approach to develop and implement important new systems. Some of these projects have been under way for some time and the major opportunities have passed, for others, opportunities are in the future. Section III, Key Initiatives, provides more background on each, as well as timing, scope and contact information.

EXHIBIT 5

| KEY INITIATIVES |
|---|
| <ul style="list-style-type: none">• ServiceOntario<ul style="list-style-type: none">- Public Access Information- Service to Individuals- Service to Businesses- ServiceOntario Centres- Infrastructure Renewal.• Land Information Ontario• E-Health Ontario• Ontario Agency for Health Protection and Promotion. |

Exhibit 6 provides information as reported by the ministries about the current personal computer base within the government.

EXHIBIT 6

| PERSONAL COMPUTER BASE BY CLUSTER | |
|--|---|
| Ministry and Cluster | Personal Computers Installed |
| Ministry of Energy and Infrastructure Ministry of Finance Ministry of Revenue Central Agencies Cluster | 4,800 |
| Ministry of Citizenship and Immigration Ministry of Culture Ministry of Education Ministry of Municipal Affairs and Housing Ministries of Tourism Ministry of Training Colleges and Universities Community Services Cluster | 4,400 |
| Ministry of Community and Social Services Ministry of Children and Youth Services Children, Youth and Social Services Cluster | 6,500 |
| Ministry of Economic Development Ministry of International Trade and Investment Ministry of Labour Ministry of Research and Innovation Ministry of Small Business and Consumer Services Ministry of Transportation Economics and Transportation Cluster | 8,800 |
| Ministry of Government Services Government Services Delivery Cluster | 4,800 |
| Ministry of Health Promotion Ministry of Health and Long Term Care Health Services Cluster | 6,000 |
| Ministry of the Attorney General Ministry of Community Safety and Correctional Services Justice Cluster | 20,400 |
| Ministry of Aboriginal Affairs Ministry of Agriculture, Food and Rural Affairs Ministry of the Environment Ministry of Natural Resources Ministry of Northern Development and Mines Land/Resources Cluster | 8,600 |
| Total Reported | <u>64,300</u> * |

* Note: above total consists of approximately 70% Desktops and 30 % Notebooks

6. MAJOR TRENDS

Based upon the interviews conducted in conjunction with this study, a number of major trends were observed. Exhibit 7 provides the highlights.

- In 2003-04, a results-based planning and budgeting approach was used for the first time. The administration's priorities meant that funding for IT projects was focused around encouraging better student achievement, health, improved training for the workforce, community safety and more interaction with citizens through e-democracy. The government has now moved completely to a results-based planning and budgeting approach and the budget was again introduced in a timely manner this year. In the last year more formal Cluster I&IT plans have been developed as a foundation for the activities during the upcoming fiscal years. It is expected that this more rigorous planning process will continue.
- The current administration shows little enthusiasm or support for technology for its own sake. The view is that I&IT initiatives must demonstrate real value in delivering programs more effectively and efficiently. Based on recent experience with major projects that have failed to meet objectives, this administration shows a growing appreciation for the risks inherent in working with the private sector. The implementation of strong management controls will minimise these and other major project risks. A more formal gating process has been implemented this year that should contribute to risk reduction. There is, nevertheless, a continued willingness to review alternate service delivery models, particularly in the infrastructure area as shown by the procurement process for the new Guelph datacentre.
- The strategy to reduce the reliance on long-term consultants has largely been implemented. The planned use of these consultants has significantly reduced. The Vendor of Record for consulting services uses a pricing methodology designed to encourage lower vendor bid prices on individual assignments under the Vendor of Record arrangement. This will make the use of this procurement tool somewhat more complex, but it is anticipated that it will result in greater value for money for the government. The eHealth Ontario problems will put increasing focus on all consulting assignments across the OPS and more rigorous procurement rules will be deployed.
- The Corporate I&IT strategy is very clear; strong corporate direction for information and information technology activity will come from a strong Corporate CIO organization.

Enterprise Architecture governance consists of the Architecture Review Board, Architecture Core Team and a series of Checklists Guidebooks.

- The Architecture Review Board (ARB) is a quality assurance body that provides leadership of the architecture process in the Ontario Government. It is chaired by the corporate Chief Technology Officer and with a head-level representative from each cluster, OCCS and OCCITS.

- Architecture Core Team (ACT) is an advisory body that provides a forum for validating the Enterprise Architecture against business priorities and directions of the Ontario Public Sector.
- Checklists Guidebooks provide project managers with clear and concise guidance for architecture reviews at ACT/ARB.
- The Technical Standards Unit within the Architecture and Standards Branch is responsible for managing the standards development process for the Government of Ontario.
- IT Standards Council (ITSC) is a provincial, inter-ministerial initiative that aims to establish the Government's technical policies and standards for achieving interoperability and information systems coherence between and amongst government services providers, the broader public sector, consumers and vendors.
- Technical standards and related mandatory guidelines, procedures and methodologies, are reviewed and approved by the ITSC before going on to the ARB for final approval.
- The Government of Ontario has adopted open technical standards, widely used throughout industry and other government jurisdictions, to support seamless interoperability and delivery of e-government services.
- The Enterprise Architecture and Standards is focused on preserving the OPS's ability to migrate and scale to meet future demands through the implementation of an open architecture and standards that support interoperability between applications across government, data portability, and application accessibility through native browser technology.
- A new Infrastructure Management Committee has been formed which will provide input from across the OPS in the design of the total I&IT infrastructure.
- An Independent Advisory Council has been established, with members drawn from the private sector and the Broader Public Service. The purpose of the council is to advise on implementation of the e-Ontario Strategy.
- Infrastructure Technology Services is responsible for service delivery and most infrastructure procurement.
 - There has been a change in focus from delivery of services, to management of the delivery of services. In many cases, Infrastructure Technology Services will deliver the service, in others they will be service managers of an externally delivered service.
 - Their mandate includes the management and procurement of mainframe, server and desktop infrastructure.

- The four major projects designed to effect the targeted cost savings namely server consolidation, desktop services, desktop support and consolidated e-mail have been largely completed.
- A new data centre facility is planned to be opened in Guelph in 2010 to replace the existing Downsview facility. An additional data centre is planned for 2015 to ensure improved redundancy.
- Ministry I&IT functions have been grouped into business clusters to maximize the use of scarce resources and to serve similar clients better.
 - Business cluster CIOs have a dual reporting relationship to both the corporate CIO and their own Deputy Ministers.
- Cluster I&IT migration plans are being implemented to move them from their current technical diversity to the corporate I&IT strategic environment.
 - Major opportunities will be created to upgrade hardware and software to I&IT strategy-compliant technology.
 - Clusters are focusing on reducing and rationalizing the technology footprint deployed to lower acquisition and support costs.
 - Common business requirements are being identified within the cluster ministries.
 - A standard cluster organizational model has been developed and is now being implemented across the clusters.
- The Chief of Information and Privacy shows that strong support for Information Management is recognized as a major government responsibility. Improvement in this area is a key focus.
 - The formation of clusters, which service a similar client set, encourages information consolidation.
 - Much of the current information is incorrect, incomplete and cannot be cross-referenced.
 - Many areas are addressing all aspects of information management:
 - common identifiers
 - private sector and public sector access for input and reporting
 - data warehouse or middleware to utilize legacy systems
 - improved data mining and presentation tools

- improvements in the sharing of information will continue to comply with the Freedom of Information and Protection of Privacy Act.
- Knowledge Management has emerged as a top priority for most clusters.
 - Implementation in support of integrated Electronic Service Delivery is critical so that customer service at the point of contact is accurate and consistent.
- Improved security remains a high priority.
 - A detection centre is operational.
 - A comprehensive threat/risk assessment has been completed for most mission-critical systems.
 - All aspects of end-to-end security are being upgraded.
- There is a commitment to deliver solutions to major business opportunities.
 - It is expected that major service improvements and cost reductions can be obtained through delivering routine high volume services on a cross-ministry and cross-jurisdictional basis through ServiceOntario.
 - Large initiatives are being undertaken to service a wide range of stakeholders and their diverse, but related, needs.
 - The use of Enterprise Architecture and Standards, common infrastructure and standards will facilitate interconnectivity within the OPS.
 - The Public Sector CIO Council which is comprised of the federal, provincial and territory CIOs is taking a leadership role on selected Canada-wide opportunities and issues.
- The government procurement process is currently being reviewed as part of the creation and implementation of the Supply Chain Management division, to identify service delivery improvements and opportunities for enhanced efficiencies and effectiveness. In particular:
 - The Supply Chain Management division will provide for enhanced controllership, better planning and spending analysis and greater consistency in procurement advice and processes.
 - The use of Vendors of Record arrangements is a key method for the Ontario government to procure goods and services. New approaches to utilizing technology to support the use of VoR arrangements are being considered.
 - Vendor innovation is being encouraged.

- A procurement risk management framework related to limitation of liability has been developed.
 - e-Procurement is a key part of the government’s e-government commitment.
- Ontario Shared Services provides a number of common administrative services for the ministries through a new corporate function. These services include:
 - Financial processing and services (Integrated Financial Information System) and significant extensions of this system are under way providing for easier payment services.
 - Payroll and benefit processing and services (Workforce Information Network and CorPay).
 - Procurement policy and procurement (IT and non-IT corporate Vendor of Record arrangements) and purchasing services.
 - Generic training and staff development and support.
 - Passenger vehicle fleet management.
 - Translation services.
- Ministry programs and business plans are setting the agenda for I&IT plans.
 - IM and IT plans lay out infrastructure requirements which drive the scope of common infrastructure services.
 - Program areas have funds to provide improved service at reduced cost. They will continue to buy business solutions, not IT products.
- The role of the Chief Technology Officer has expanded to focus on ensuring that there is an adherence to process in the approval and management of projects in addition to a commitment to the use of standards, Enterprise Architecture, shared tools and common applications. The office has established a mechanism to dialogue with the Industry on emerging technologies. Several “Town Hall” meetings have been held during the past year.
- The use of common applications is increasing and fourteen are available for general use. This initiative is now in the Office of the Chief Strategist and the procurements are being led from this office.
- In the public sector marketplace there are a number of broader trends that will become increasingly important:
 - The provision of government services is becoming increasingly multi-channel and multi-government in nature. There is a continuing trend towards electronic channels and towards the use of multimedia (voice, video and data).

- There is recognition that there will, in the future, be enhanced citizen interaction as government moves from a program-centric view to a customer-(citizen) centric view of services. This will provide a more flexible and personalized access to government services e.g. ServiceOntario.
- The increasing mobile workforce will require more in-the-field support using new mobile devices.
- There is a recognition that green initiatives are now an important part of policy.
- The reengineering of the business of government continues, especially in the areas of public security and safety, education and health. New information is required to support these changes.
- Rapid adoption of wireless technology will make the challenges of dealing with an always-on society very significant.
- Citizens have ever increasing quality of service expectations and the government will be compared with other governments and the private sector.
- The aging of IT professionals is especially severe within the public service and will require a range of innovative solutions.

EXHIBIT 7**MAJOR TRENDS**

- Emphasis has changed from planning to delivery with a focus on smaller project components to increase likelihood of success.
- Information Technology is the target of substantial budget reductions. There is growing appreciation for the risks involved in partnering with the private sector, and a strong desire to put management controls in place to minimise this risk.
- The Corporate I&IT Strategy is based on strong corporate direction of I&IT activity.
 - An Enterprise Information Architecture (EIA) has been established for both infrastructure and information.
 - The Corporate Architecture Review Board directs the continued development of the Enterprise Architecture Framework, and the alignment of the cluster architectures within that framework. The board ensures that all projects that provide or use common components or infrastructure are aligned with the Enterprise Architecture.
 - The Cluster Architecture Review Boards ensure the alignment of single-ministry projects with the Enterprise Architecture and the cluster architectures.
- Mandatory-use common infrastructures have been deployed.
 - For the network, directory/messaging, IT services management, end-to-end security, data warehouse/middleware, etc.
- Infrastructure Technology Services is responsible for managing infrastructure service delivery.
 - This includes communications networks, mainframes, servers, desktop management, help desk services and procurement.
- The dual reporting to the corporate CIO and the Deputy Ministers encourages support of the enterprise approach.

MAJOR TRENDS (Continued.)

- More emphasis will be placed on cross-ministry and multi-jurisdictional delivery and larger, more complex initiatives may result.
 - Clustering of ministries encourages this approach.
 - The Enterprise Information Architecture and use of the common infrastructure helps.
 - The Public Sector Councils will take leadership on key Canada-wide issues.
- Improved information management across ministry boundaries is critical and the recent Open Text award will speed this program.
- Cluster plans are being developed to migrate common aspects of the current technology diversity to a common, consolidated environment.
- Ministry programs and business plans are driving the I&IT plans.
 - Projects will be program-driven and funded.
 - Improved information management and dissemination is a priority.
- Ontario Shared Services provides common administrative systems.
- Government emphasis will be on policy, standards and service management.
 - Alternative approaches will be considered for service delivery.
- There will be increased emphasis on optimising business efficiency through the reuse of solutions and /or services across ministries and jurisdictions.
- Data and system security remains a high priority.
- There will be an increasing emphasis on the use of corporate mandatory Vendor of Record arrangements to streamline the procurement process and reduce costs.
- Knowledge Management has emerged as a high priority in most clusters.

8. STRATEGIC RECOMMENDATIONS

Exhibit 8 outlines the overall strategic recommendations which will assist vendors in increasing their level of success in the Government of Ontario I&IT market.

- Characteristics of a successful supplier
 - If it's on Merx you are already too late. Suppliers need to do their homework and preparation for a large tender should take place at least six months before the tender.
 - It is critical for vendors to evaluate those opportunities where they have a good chance of winning. Recognize that the opportunities are far reaching and that the cost of bidding is high.
 - Show flexibility in your bidding strategy. In those cases where you have sector knowledge or demonstrated ability to execute, consider taking the lead. Be prepared to use consortium arrangements to complement your skills base.
 - Remember that the incumbent is the vulnerable supplier. It is too easy to get settled into to a long-term contract. The trouble is that when it comes time to renew the client may get wooed by the fresh ideas displayed by the potential new suppliers.
 - Continue to prove that you are adding value. The ministry wants proof that they are getting value for money. More often these days it is the company that shows willingness and ability to transform the ministry or agency, and making a real difference, that ends up getting the contract.
 - Reputation is increasingly important. Government ministries and agencies want to see a solid record of accomplishment of delivering in the public sector.
 - One of the biggest fears of government is that some suppliers have jumped into to the public sector market to take advantage of the perceived stability and potential growth rates. The worry is that at the first sign of a pick-up in the commercial sector they will lose interest. It is critical to show commitment to the public sector.
- The Corporate I&IT organization is headed by a Corporate CIO. This results in multiple contact points both within the ministry/cluster and within the corporate organization.
 - There will be an increased need to deploy common components, solutions and technologies that can be re-used or shared between ministries, between jurisdictions and between Government and the Broader Public Sector.

- Enterprise architecture and standards decisions will be made at the corporate level. Vendors must be aggressive when a strategic product decision is being made because this could create long-term market advantage or lockout.
- There is an increasing trend to fewer, larger procurements. In addition, procurements are for longer periods and often have optional extension periods.
- There will be increased use of common infrastructure but much of this will be managed by the government and delivered by the private sector.
- Service Delivery is through Infrastructure Technology Services which is responsible for the management and procurement of mainframe, server and desktop infrastructure.
- The grouping of ministries into business clusters under one CIO creates a concentrated point of contact within the ministries.
 - This point of contact will be critical for application and staffing opportunities.
 - The cluster is the key contact for point solutions.
 - The continued consolidation of the procurement and management of the technology infrastructure means that for many vendors there are fewer sales calls to make and thus sales and support staffing levels should be reviewed.
- The strong commitment to achieving major cost reductions within the I&IT spending envelope is, overall, good news for current and prospective suppliers to the Ontario government. Potential savings will drive fresh exploration of open source software, thin client architectures and improved asset management. This does mean that suppliers have to be willing to be flexible and to demonstrate that they have the ability to plan for and manage change, both within their own organizations and within the government ministries they are trying to help.
- The renewed emphasis is on delivering projects and capabilities; any commitments by vendors to improve the likelihood of delivery on time and on budget will increase their credibility.
- While each ministry and cluster will continue to spend significant dollars, the big opportunities will come from the cross-ministry and cross-jurisdictional initiatives. Smaller opportunities will come from the program areas that have the business need and the budget.
 - To be effective, vendors must sell business solutions to the program people who need new systems to meet budget and service demands.
 - Get a good understanding of the MAPS projects slated for early renewal and show where you can add value. Significant funding is now available.
 - Speciality vendors should consider partnering with the 'big solution' players.

- Vendors must emphasize to the prime contractor which unique 'winning' capabilities they bring to the team. Commodity capabilities can likely be provided directly by the prime contractor.
- The level of discussion about Alternate Service Delivery options or anything with greater private sector involvement continues to be of interest. All vendors should review strategically where they could participate.
- The Vendor of Record approach directed by MGS is the standard way to acquire IT goods and services.
 - Vendors should make sure that they take the steps necessary to become qualified vendors on VoR arrangements.
 - In securing these partnership arrangements, multiple suppliers are included in many Vendor of Record procurements.
 - Vendors then need to market aggressively to the individual clusters as well as the Services Delivery organization.
- Vendors must make sure that they align themselves with the technologies chosen for broad deployment.
 - Windows XP Pro is the desktop operating system standard. Windows 2003 Server is the network operating system standard.
 - UNIX is the operating system of choice for high volume, secure applications.
 - Understand the emerging standards and the shift to products that comply with these standards.
- Vendors who can assist in the e-government agendas have major opportunities and concentrated points of contact today.
 - Point solutions are required for specific shared functions.
 - The renewed interest in deploying common components has more resources.
- Security products remain high on the list.
 - Consulting expertise is needed.
- Information and Knowledge Management is receiving increased attention.
 - Products are needed for data clean-up, data management, data access, data mining and data warehouse.
- There is increasing emphasis on privacy issues. Ensure that sales and support staff are trained regarding the issues.

EXHIBIT 8

STRATEGIC RECOMMENDATIONS

- Characteristics of a successful supplier
 - Do your homework in plenty of time.
 - It is critical for vendors to evaluate those opportunities where they have a good chance of winning.
 - Show flexibility in your bidding strategy.
 - It is too easy to settle into to a long-term contract – remember the incumbent is vulnerable at renewal time.
 - Continue to prove that you are adding value.
 - Reputation is increasingly important.
 - It is critical to show commitment to the public sector.
- The Corporate CIO organization must be a key point of contact.
 - There will be an increased need for identification and application of both solution and technology trends that can be leveraged to provide effective business solutions within the Ontario Public Service and the Broader Public Service.
 - Enterprise architecture and standards decisions will be made at the corporate level.
 - There is an increasing trend to fewer, larger procurements.
 - There will be increased use of common infrastructure but much of this will be managed by the government and delivered by the private sector.
 - Service Delivery is through Infrastructure Technology Services which is responsible for the management and procurement of mainframe, server and desktop infrastructure.
- Show how you can make significant cost savings.

STRATEGIC RECOMMENDATIONS (Continued)

- The big opportunities will come from the cross-ministry and cross-jurisdictional initiatives. Smaller opportunities will come from the program areas that have the business need and the budget.
 - Sell business solutions to the program people who need new systems to meet budget and service demands.
 - Speciality vendors should consider partnering with the “big solution” players.
 - Vendors must emphasize to the prime contractor which unique “winning” capabilities they bring to the team.
 - The level of discussion about Alternate Service Delivery options or anything with greater private sector involvement continues to be of interest. All vendors should review strategically where they could participate.
- The Vendor of Record approach directed by MGS is the standard way to acquire IT goods and services.
- Vendors must make sure that they align themselves with the technologies chosen for broad deployment.
- Vendors who can assist in the e-government agendas have major opportunities and concentrated points of contact today.
- Security products remain high on the list.
- Increased emphasis on the privacy agenda.
- Information and Knowledge Management is receiving increased attention.