



**BRITISH
COLUMBIA**

**Residential Tenancy Office
Compliance and Consumer Services Branch
Ministry of Public Safety and Solicitor General**

Residential Tenancy Office (RTO)

Project Summary Report

May, 2005

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1 Executive Summary

The intent of this report is to provide the public and interested stakeholders with a summary of final outcomes and benefits to be achieved from the Residential Tenancy Office (RTO) alternative service delivery (ASD) initiative.

Overview of the project

The Residential Tenancy Office (RTO) of the Ministry of Public Safety and Solicitor General answers inquiries and resolves disputes between landlords and tenants pursuant to the BC *Residential Tenancy Act* and the BC *Manufactured Home Park Tenancy Act*. The RTO administers and supports a formal arbitration process where contracted arbitrators hear approximately 20,000 disputes per year. Disputes must be scheduled for hearings and resolved within statutory time limits.

Prior to the 2004/05 fiscal year, the budget for the RTO was reduced significantly. In order to maintain service levels to the public, the RTO had to look at a new way to deliver services. The RTO project was initiated to meet demand and increase service levels within budgetary constraints by taking advantage of private sector technology expertise. In short, government needed to find a way to do more with less.

Following a competitive procurement and negotiations process, the Province signed a contract with TELUS Communications Inc. and TELUS Services Inc. (collectively TELUS). Under the terms of the ten-year contract¹, TELUS will provide, operate and maintain a software solution at a fixed price of \$357,000 during the ramp up period (to March 31, 2005), and an average of \$732,000 per year (in years 1 through 10), to a total cost to the RTO of \$6,272,000², in discounted terms.³ Robertson Telecom will be operating as a subcontractor providing contact centre design advice and training services for the first year of the contract.

The TELUS solution will:

- improve turnaround time for the public;

¹ The term is slightly longer than 10 years to align with the RTO's fiscal year end.

² The total cost includes taxes.

³ The discounted fixed price includes services, support, and only the amortized portion of capital investments and improvements (new technology investments), discounted at 5.23%. The discounted cost is a calculation that expresses the value today of money that will be spent (or received) in the future. It takes into account the potential to earn a return on the money as soon as you receive it. For example, a dollar received today is more valuable than a dollar received a year from now because the dollar received today can be invested and start generating a return immediately, whereas the dollar received a year from now cannot earn a return this year. The discounted cost allows for a more accurate comparison to be made between the costs of different options, particularly if those options require expenditures (such as capital investments) in different years.

- increase convenience for the public by making it possible to apply and pay for arbitration services over the Internet instead of requiring a visit to a government office;
- reduce line-ups at the government offices; and
- streamline the RTO's internal business processes.

The contract commits TELUS to improve and maintain service levels, with financial consequences for failure to meet agreed to service levels.

The RTO staff will continue to be employed by the Province.

Overall, the agreement with TELUS is a fair allocation of risk between the government and TELUS. It will enable the RTO to meet its goal of serving the public within existing budgetary constraints, with some important service improvements for the public.

2 Project Background, Rationale and Objectives

Background

Through its New Era Commitments, the government of British Columbia promised a transformation in the way services are delivered to British Columbians.

Alternative Service Delivery (ASD) is a key mechanism for realizing government's vision. Its primary focus is to provide cost effective and efficient delivery of services to taxpayers by:

- maintaining or enhancing service levels;
- reducing costs, increasing revenue, or maximizing cost avoidance;
- supporting general economic development and growth; and
- increasing private sector involvement in the delivery of services, thereby allowing government to focus on core businesses.

The Residential Tenancy Office (RTO) of the Ministry of Public Safety and Solicitor General answers inquiries and resolves disputes between landlords and tenants pursuant to the BC *Residential Tenancy Act* and the BC *Manufactured Home Park Tenancy Act*. The RTO administers and supports a formal arbitration process where contracted arbitrators hear approximately 20,000 disputes per year. Disputes must be scheduled for hearings and resolved within statutory time limits.

Rationale

Prior to the 2004/05 fiscal year, the budget for the RTO was reduced significantly. In order to maintain service levels to the public, the RTO had to look at a new way to deliver services. The RTO project was initiated to meet public demand and increase service levels within budgetary

constraints by taking advantage of private sector technology and business transformation expertise.

It is anticipated that the total number of arbitration cases handled by staff will be reduced by enabling the public to serve themselves and apply for arbitration hearings over the Internet. The new systems will also allow the RTO to operate as a single “virtual” office, enabling managers to distribute the workload amongst the RTO offices regardless of where the client request originated.

Even without budget reductions, the RTO needed assistance upgrading its technology to address long-standing service level issues⁴ and to enhance service delivery to communities across the province. The current business processes involve significant manual paper handling by customers and staff, and require that a client attend an RTO office or a Government Agent in person to apply for an arbitration hearing. The TELUS solution will enable the RTO to keep pace with changes in information systems and web-based technologies to provide greater public convenience,⁵ more efficient use of staff time, and improved response to public demand for service. The TELUS contact centre software will also provide modern communication technologies for faster response to inquiries.

Objectives

The Province has engaged TELUS to:

- significantly improve service to the public by leveraging specialized private sector expertise in business process automation and state of the art communication technologies;
- secure ongoing access to current technology;
- transfer to the private sector the risks of providing and maintaining state of the art technologies within a pre-defined budget; and
- avoid significant up-front and ongoing capital investment to upgrade or replace the supporting technologies.

Scope of services

The key components of the business and technical solution to be delivered by TELUS are:

- a new improved RTO **public web site** which will provide:
 - information about landlords’ and tenants’ rights;
 - an automated Application for Arbitration form that landlords and tenants can submit over the web to request an arbitration

4 Examples include: a new IVR feature that allows callers to leave a message and be called back by the agent, rather than having to listen to the phone ring and ring; increased functionality over the Internet; and credit card payments.

5 For example, the “dashboard” or screen that the contact centre software provides on the RTO staff member’s desktop has links to electronic documents in the case management system or to web site pages. An electronic image of a photograph in a case file (jpg) can be accessed by the staff member and dragged onto the desktop for reference during a telephone conversation with a client.

hearing, with the ability to pay the filing fee by credit card over the Internet;

- a **Case Management System** that will automate the scheduling and tracking of arbitration cases and will reduce paper processing by staff;
- an **Integrated Contact Centre Software** package which will:
 - queue and prioritize incoming phone calls, faxes and e-mails;
 - enable arbitration hearings to be held by telephone conference calls instead of in-person at government offices; and
 - create digital recordings of arbitration hearings;
- **training and knowledge management;** and
- **ongoing maintenance and support** of the integrated case management solution.

The RTO staff will continue to be employed by the Province.

Under the agreement, TELUS will operate and enhance the solution over a ten-year period.

3 Competitive Selection Process

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

In approaching the RTO project, the Ministry decided to try a different procurement approach. Rather than defining the solution, the Ministry defined the problem and desired outcomes, and asked the vendors to propose solutions. The Ministry's intention was to select an Alternative Service Delivery "partner" – a private sector service provider to work collaboratively through a process that would result in an innovative and tailored solution, sustainable over a contract term of at least seven to 10 years.

The Joint Solution Procurement (JSP) process was selected as the preferred procurement approach. The JSP process allows the private sector and government staff the opportunity to apply their collective expertise to develop a wider range of solutions. Rather than defining the solution, the Ministry defined the problem and desired outcomes, and then asked the vendors to propose creative solutions. The Ministry's intention was to select an ASD partner through a process that would result in an

innovative and tailored solution, sustainable over a contract term of ten years.

A Joint Solution Request for Proposal (JSRFP) was issued in December 2003. The RTO's stated objective was to arrive at a business and technology solution that would enable the RTO to continue to meet service demands from the public at an acceptable level of service quality within its reduced budget.

Two bids were received and both proponents were shortlisted:

- Robertson Telecom Inc. with TELUS Communications Inc. as a subcontractor, and
- Themis Consulting Ltd..

The two shortlisted proponents independently conducted Joint Solution Definition workshops with the RTO in March and April 2004 to better understand the requirements and to provide an opportunity to co-develop the proposed solutions.

The evaluation criteria to choose the successful proponent are described below.

Scope of Solution

- Overall project vision and proponent business growth strategy (proponent strategic plan).
- Elements of the services included in the solution (what the services will look like).
- New and revised business processes and technology that will be applied and how the proponent will strive to provide continuous improvement in business processes and services over the life of the contract (10 years).
- How the services will be effectively delivered and enhanced and what the service levels and performance measures will be.

Deal Structure

- Overall governance structure, including decision-making model, contract management.
- Principles (relationship, trust, cooperation, visibility, transparency).
- Issue and risk management.
- Conflict and dispute resolution.
- Change management model.
- Type and term of proposed deal.
- Intellectual property rights and how to apportion rights for property developed jointly (including the use of knowledge, systems, people and processes in dealings with other provinces, public and private sector organizations).
- Visibility and transparency of financial model and performance measures.

- Landlord/tenant policy development process.

Economic Model

- Overall value of the solution to government, including ongoing operational costs, revenue proposals, pricing model, capital investments, and sharing mechanisms for savings, efficiency growth and risks.
- Allocation of risks between proponent and government (budget risk, demand risk, technology risk, and labour relations risk including severance and leave liability).
- Year-over-year fixed and variable revenues, operating and capital expenditures.

Transition, Repatriation, Flexibility and Risk

- Transition to new governance structure.
- Transition and implementation of business operations.
- Human resource transition plan (e.g. employee communications, knowledge transfer plan, corporate culture transitioning).
- Management of labour issues, short term and long term (e.g. plan with respect to the BCGEU collective agreement).
- Retention targets and goals after transition to the new organization.
- Ongoing HR management (e.g. employee training and development).
- Service delivery during transition.
- Termination/repatriation terms and conditions (to the Province or to the next service provider, knowledge transfer-back, furniture and equipment, systems and procedures, document storage and management).
- Types of risk and risk mitigation strategies.
- Degree of flexibility in various aspects of the deal (e.g. price, structure, governance, service level agreement) including ability to make changes over time, as required.

Privacy, Security, Policy Compliance and Impartiality

- Ability to meet/exceed personal information and privacy standards for stakeholders (including employees, landlords, tenants, stakeholder groups and arbitrators) and related legislative requirements.
- Mechanisms to ensure compliance with policies and standards (including privacy, financial management and control, labour).
- Mechanisms to ensure impartiality in dealings with landlords and tenants.

The Robertson Telecom/TELUS solution was selected and the consortium was designated the successful proponent in April 2004. Due diligence and contract negotiation then proceeded in accordance with the Joint Solution Procurement process.

The new systems will be implemented in two parts. The first, which was implemented in late January 2005, is a new phone system and website.

The second part, introduced in May 2005, is a fully integrated case management system.

4 Changes to Project

To reflect the nature of the solution developed (technology only, no staff transfer) a decision was made to change the primership of the consortium so that Robertson Telecom became a subcontractor to TELUS. This was because Robertson, as original prime, specializes in contact centre staff and human resource management, while TELUS' core expertise was being used to provide the technical (IT) solution. An Assignment and Assumption Agreement between all three parties (TELUS, Robertson Telecom and the Province) was signed.

5 The Final Agreement

Profile of the selected service provider

The Province entered into a contract with TELUS Communications Inc. and TELUS Services Inc. Robertson Telecom Inc. is operating as a subcontractor.

TELUS Corporation

- Parent company.
- Established in February 1999 from the merger of predecessor companies BC TELECOM and TELUS Corporation.
- Head office – Burnaby BC.
- Primary business: providing voice, video and data telecommunications, and Internet services through national and international communications networks.
- More than 16,000 employees across Canada.
- 2003 revenues of \$6.5B.

TELUS Services Inc.

- Privately held subsidiary corporation, 100 percent owned by TELUS Corporation.
- Primary business: hosts the applications provided (integrated contact centre software).

TELUS Communications Inc.

- Privately held subsidiary corporation, 100 percent owned by TELUS Corporation.
- Established in January 2000.

Profile of Robertson Telecom Inc.

- A private company, 100 percent BC owned.
- Incorporated in British Columbia in 1995.
- Head office – Vancouver, BC.
- Primary business – Providing complex contact centre management systems.
- Has operated the Enquiry BC contact centre for 13 years.

Service Levels

The agreement with TELUS is fixed price and based on defined service levels. It is expected that service will improve by:

- making services more accessible through the Internet;
- making the phone system more effective and efficient; and
- giving clients direct, on-line, secure access to their case files.

There are financial consequences for TELUS if the service levels are not achieved in such areas as hosting and application availability, access and response speed, service repair time and help desk support turnaround times. This provides the RTO with the ability to plan and manage its budget more effectively, and transfers to TELUS the risk of delivering required service levels within a fixed budget allocation.

Risk Allocation

The types of risks transferred to TELUS include:

- failure to deliver services at the specified service levels;
- consequences for breaches of data security and privacy;
- implementation risk;
- business failure of TELUS or its subcontractors; and
- end-to-end integration of multiple systems.

The types of risks shared between the Province and TELUS include:

- termination of the agreement by the Province “for convenience”; and
- breakdown of the relationship between TELUS and the Province.

The types of risks retained by the Province include:

- costs and risks related to organizational change within government; and
- additional staff needed to handle future service demands from the public.

Privacy Concerns

The protection of personal information is critical to government, and the agreement in with TELUS protects privacy in several ways:

- TELUS has in place, and will maintain, policies and procedures specific to both privacy and security;
- There are significant requirements to comply with the *Freedom of Information and Protection of Privacy Act*;
- The TELUS technical solution will conform to all government security standards; and
- The contract between TELUS and the Province has stringent provisions about personal information.

More specifically:

- Data storage and access, including remote access, will only be within Canada;⁶
- No TELUS personnel will be allowed access to personal information without the specific and expressed approval of the Province;
- TELUS must maintain a training plan that includes training all personnel in:
 - all aspects of privacy and security as appropriate to their job function;
 - the direct commitment that they have to the Province with respect to the protection of confidential information;
 - the priority of their duties to the Province regarding the disclosure of confidential information over their commitment to TELUS; and
 - the existence and use of a hotline established by the Province in order that TELUS personnel can notify the Province directly in the event of any disclosure or potential disclosure of confidential information;
- TELUS employees or subcontractors operating from outside Canada will be prevented from accessing personal information; and
- The express consent of the Province is required for any changes to the storage and access arrangements for personal information.

With regard to concerns about the reach of the *USA Patriot Act*, TELUS Communications Inc. and TELUS Services Inc. are wholly-owned Canadian businesses based in British Columbia. TELUS is committed to complying fully with the *Freedom of Information and Protection of Privacy Act* and rigorous privacy schedule included in the contract. Further, the federal *Telecommunications Act* restricts foreign ownership and ensures that the majority of shares in TELUS and its related companies will remain owned by Canadians.⁷

⁶ An Internet-based system restricts access to personal information through prescribed authentication controls.

⁷ The Agreement gives the Province the right to terminate the Agreement without penalty should there be a significant change in control of TELUS. This right could be exercised in the event of any changes in federal foreign ownership controls.

Alliance Management

The most important success factor in a long-term business arrangement is the ability of the two organizations to build and maintain effective working relationships between key personnel at multiple levels of each organization. An effective relationship requires:

- shared values and objectives;
- joint problem solving;
- transparency (to the extent possible and reasonable); and
- willingness to work together toward a common goal.

The Province and TELUS have put in place a joint management structure and governance relationship that is designed to meet these criteria. A Joint Steering Committee comprised of representatives of TELUS and the Province will be accountable for oversight of the contract in accordance with a jointly agreed Annual Operating Plan and the service levels set out in the contract. Issue escalation procedures are well defined to ensure expeditious resolution of any disputes that may arise. The agreement includes a framework for joint planning for capital and operating expenditures relating to improvements and enhancements to the solution, a budget for which is included in the contract price. The agreement also requires TELUS to submit annual reports that document value delivered for the budget allocations defined in the Annual Operating Plan, and compliance with the specified service levels.

Key terms of the agreement

| | |
|---------------------------------------|---|
| Legal and commercial structure | <p>This is a fixed price contract for (a) development of custom built software and delivery of a contact centre software package, (b) the development and hosting of the new web site and (c) ongoing system enhancements and system hosting.</p> <p>The Province will own the custom built software and will have a right to use the contact centre software.</p> <p>Fees for hosting are payable at a fixed rate each year. Fees for enhancements and technology improvements are payable upon delivery of new hardware or software components.</p> |
| Term | <p>Ten years from date of implementation (estimated to end in 2015), with the option to renew for a further 5 years.</p> |
| Contract value | <p>\$6.27M net present value over 10 years.</p> |
| Termination provisions | <p>Termination clauses meet the needs of the Province and TELUS. These clauses include termination:</p> <ul style="list-style-type: none">▪ for cause;▪ for no fault; and▪ for convenience. |

| | |
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| | <p>The repatriation clauses provide that upon termination of the agreement, the Province has the option to acquire all custom developed software developed for the Province. The Province may continue to operate the TELUS contact centre software under licence, or obtain other contact centre management software.</p> |
| <p>Solution description</p> | <p>The TELUS solution consists of the following components:</p> <ul style="list-style-type: none"> • Business consulting services including staff training; • A new improved RTO public web site which will provide: <ul style="list-style-type: none"> ▪ information about landlords' and tenants' rights; and ▪ an Application for Arbitration form that landlords and tenants can submit over the Internet to request an arbitration hearing, with payment of the filing fee by credit card over the web; • A new improved internal web site which will provide staff with information such as RTO news, policy directives, and an online procedures manual; • A Case Management System to enable staff to schedule and track arbitration cases and to scan and store all case-related documents electronically; • Integrated Contact Centre Software which will: <ul style="list-style-type: none"> ▪ queue, prioritize and route incoming phone calls, faxes and e-mails; ▪ enable arbitration hearings to be held by telephone conference calls instead of in person at government offices; and ▪ create digital recordings of arbitration hearings; • Software enhancements over a 10-year period; • Hosting of the systems at the TELUS data centre in Calgary; • Network connectivity between the TELUS data centre and the government's SPAN/BC network; and • Detailed documentation concerning the technical solution. |
| <p>Service provisions and standards</p> | <p>TELUS will be accountable for system hosting, network, and support performance levels through service level standards, with credits to the Province in the event of deficient performance. These credits can be used to reduce the amount that is billed. TELUS will comply with all applicable government standards</p> |

| | |
|------------------------------------|--|
| | including standards for security, privacy and technology. TELUS is also committed to provide termination services at the end of the contract term to assist in the transition of services to a different service provider, if applicable. |
| Governance | Contract oversight will be provided through a Joint Steering Committee comprised of representatives from TELUS, the RTO, and the Ministry of Public Safety and Solicitor General. Detailed system enhancements and other future changes will be managed through an Annual Operating Plan approved by a Joint Steering Committee. The contract provides for escalation and arbitration of any disputes. |
| Privacy | The solution has been subjected to a comprehensive Privacy Impact Assessment by the government. |
| Security | The solution has been reviewed by the government's Chief Information Officer and will meet the Province's standards and policies for system security. An independent System Threat and Risk Assessment has also been completed. |
| Audit and inspection rights | The Province has the right of access to all Provincial information, system or any TELUS property housing any of the RTO services for the purpose of conducting audits. In addition, in circumstances where the Province believes that there has been or is about to be a material breach of the agreement, some other act of misconduct or malfeasance, an emergency situation, or other similar matter of concern to the Province relating to the delivery of RTO services, the confidential information, or the privacy obligations, the Province has the right to investigate without having to give prior notice to TELUS. |

6 Transition and Alliance Management

Installation of the new systems and training of existing government staff has begun. The two stage implementation will allow incremental training of staff, uptake of online services by the public, and stabilization of the systems and new internal business processes.

Technical improvements and responses to changes in business requirements will be documented in an Annual Operating Plan which will be managed by both TELUS and the Province through a Joint Steering Committee. TELUS will deliver an annual financial report to the Joint Steering Committee setting out all amounts charged that year for enhancements and the corresponding services that were provided to the Province.

The contract includes service level standards providing measures and reporting for software quality and system hosting services. The Joint Steering Committee is responsible for monitoring performance under the service level standards, and TELUS is obliged to provide credits (payments to the Province) if hosting or network standards are not met.

The Accounts Vice President of TELUS Business Solutions and the Assistant Deputy Minister, Compliance and Consumer Services Branch, Ministry of Public Safety and Solicitor General are jointly responsible for direction of the Joint Steering Committee and the success of the contractual relationship.

Appendix 1: Final Deal -- Financial Summary

The following table provides more details on the business case comparison between TELUS' proposed solution and the estimated cost of continuing to provide the services "in house" without any changes to the supporting systems or technology and at service and resource levels in effect at the beginning of Fiscal 2004/05.

| Criteria | Business as Usual | TELUS Solution |
|---|--------------------------|------------------------|
| Technology Investment | Not Applicable | \$7.67million |
| Other Operating Costs ⁴ | \$67.35 million | \$51.68 million |
| Total Cost over Ten Years⁸ | \$67.35 million | \$59.35 million |
| Ten-year Discounted Cost (Present Value)⁹ | \$54.39 million | \$47.95 million |
| Variance from Business as Usual | | -11.8% |

⁸ Actual calculation period is 122.5 months, from contract signing

⁹ Discount rate = 5.23 percent.

Appendix 2: Risk Allocation

This table summarizes the significant points in the risk assessment of the TELUS solution, outlines the allocation of risks between the Province and TELUS, and the contractual provisions that reduce the Province's risk exposure.

| Risk Category & Description | Allocation of Risk | | Mitigation (Contractual Provisions) |
|---|--------------------|----------|--|
| | TELUS | Province | |
| Business Risk | | | |
| TELUS does not achieve service levels in contract | ✓ | | <ul style="list-style-type: none"> Financial consequences for substandard network or hosting availability and other key service levels. Consistent failure to meet standards constitutes a material breach and is grounds for termination. |
| Privacy or security breach | ✓ | | <ul style="list-style-type: none"> Liability for privacy breach or unauthorized disclosure of personal information. Breach allows for termination for cause. |
| Fraud or negligence | ✓ | | <ul style="list-style-type: none"> Breach allows for termination for cause. Province has audit and investigation rights with certain abilities to remedy. |
| Sale or change in control of TELUS | ✓ | | <ul style="list-style-type: none"> Province has right to terminate agreement in the event of a change of control of TELUS Communications Inc., TELUS Services Inc, or TELUS Corp. that is not approved by the Province. Federal legislation limits TELUS Corp. ownership outside of Canada. |
| Failure of company or sub-contractors | ✓ | | <ul style="list-style-type: none"> Failure of TELUS is considered a material breach of contract leading to termination. TELUS is responsible for all services delivered by sub-contractors. |
| Business continuity planning | ✓ | | <ul style="list-style-type: none"> Requirement for TELUS to prepare a proposal for business continuity for the Province's consideration. This proposal will be coordinated with Province's own business continuity plan (BCP). TELUS will be required to facilitate the testing of the RTO's BCP. |
| Economic Risks | | | |
| Cost overruns | ✓ | | <ul style="list-style-type: none"> Contract is for a fixed price. |
| Conflicts of interest | ✓ | | <ul style="list-style-type: none"> TELUS is prohibited from participating in any activity that will be a conflict. |

| Risk Category & Description | Allocation of Risk | | Mitigation (Contractual Provisions) |
|---|--------------------|----------|--|
| | TELUS | Province | |
| Technology Risks | | | |
| Data security | ✓ | | <ul style="list-style-type: none"> • TELUS will comply with or exceed the Province's data security policy. |
| System integrity | ✓ | | <ul style="list-style-type: none"> • Commitment to government-imposed standards, audit requirements and termination provisions (see above, Privacy or Security Breach). |
| System risk | ✓ | | <ul style="list-style-type: none"> • TELUS provides routine maintenance, help desk support and bug fixes all under the fixed price amount. |
| Data integrity | ✓ | | <ul style="list-style-type: none"> • Contractual commitment made to meet data standards and to respond to data integrity issues identified by the Province. |
| Stakeholder risks | | | |
| Conflicts/issues with the Province's key stakeholders and clients | ✓ | | <ul style="list-style-type: none"> • The Province is responsible for relationships with the Province's stakeholders and clients. |
| Business Risk | | | |
| Force majeure | ✓ | ✓ | <ul style="list-style-type: none"> • No fault termination provisions in the event of TELUS claiming force majeure for an extended period. |
| Network failure | ✓ | ✓ | <ul style="list-style-type: none"> • Financial consequences for TELUS's failure to meet agreed service level commitments. |
| Economic Risk | | | |
| Termination by the Province for convenience | ✓ | ✓ | <ul style="list-style-type: none"> • The Province's exposure limited by contractual provisions, including pre-agreed level of compensation to TELUS. |
| Liability and indemnity | ✓ | ✓ | <ul style="list-style-type: none"> • The Province indemnified, including for breaches, intellectual property infringement and disclosure of personal information. • TELUS' liability is generally capped, but is unlimited with respect to direct damages for, among other things, confidential information breaches, intellectual property infringement, negligence, etc. |

| Scheduling Risks | | | |
|--|---|---|---|
| Transition plan | ✓ | ✓ | <ul style="list-style-type: none"> • Consequences for delayed implementation. • A detailed transition plan has been developed and reviewed by both parties. • The contract includes a schedule setting out the detailed terms of reference for governance through the Joint Steering Committee. |
| Scope | | | |
| Risk that scope changes will increase net cost to Ministry | ✓ | ✓ | <ul style="list-style-type: none"> • The Province has sign off on unanticipated scope changes. • Ordinary course changes and certain other changes included in fixed fee. • Service defined to provide maximum flexibility of scope. • Specific change can be rejected for any reason, including if the Province's cost is too high. • The Province retains the right to compete any out of scope work. • The Province has preferred rate for any work. |
| Quality Management/ Deliverables | | | |
| Risk that the Province will be unable to monitor and measure deliverables | ✓ | ✓ | <ul style="list-style-type: none"> • Joint Steering Committee will review service levels on a quarterly basis. • TELUS responsible for providing timely and accurate reporting for all service levels. • TELUS required to accommodate audits initiated by the Province. |
| Contract and business relationship management risk | ✓ | ✓ | <ul style="list-style-type: none"> • Strong governance model. |
| Business Risk | | | |
| Major/sustained volume growth driven by government activity or policy change | | ✓ | <ul style="list-style-type: none"> • Joint Steering Committee: annual operating planning and joint priority setting, (System is scalable; government to adjust service levels to meet public demand for services). |
| Change in government law or policy requiring changes in scope, systems or business processes | | ✓ | <ul style="list-style-type: none"> • Joint Steering Committee: annual operating planning and joint priority setting. • TELUS responsible for implementing all ordinary course law and policy changes. • TELUS will implement ordinary course business process changes within fixed fee. |

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|--|--|---|--|
| Authentication failure/unauthorized access | | ✓ | <ul style="list-style-type: none"> The authentication process follows government standards (BCID and MyID). |
| Economic Risks: | | | |
| Inflation | | ✓ | <ul style="list-style-type: none"> Government pays TELUS an annual Consumer Price Index adjustment. |