



## Industry Research Initiative

FOR

### The Office of the Superintendent of Financial Institutions' Supervision Technology Tools Renewal (STTR)

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### **SECTION I**

#### **INTRODUCTION AND PROCESS FOR RESPONDING TO INDUSTRY RESEARCH INITIATIVE**

##### **1. Requirement**

The Office of the Superintendent of Financial Institutions is in the process of developing a business case for the Supervision Technology Tools Renewal (STTR) initiative and an associated Request for Proposal (RFP) for the provision of third party System Integration professional services to support the STTR initiative.

The main objective of this initiative is to notify Industry (including System Integrators, Industry Researchers and other Government of Canada Departments and Agencies) of OSFI's intentions with respect to the STTR Project and encourage dialogue with the various participants in order to solicit feedback regarding their experience with similar technology initiatives and obtain:

- a) suggestions regarding the implementation approach that could be used based on OSFI's STTR high level requirements and the targeted solution platform, Microsoft Dynamics CRM;
- b) a rough order of magnitude estimate on SI implementation costs to carry out the work which will help OSFI to secure necessary funding; and
- c) suggestions regarding third party tools or integration technology that could enrich the solution architecture, and enable and streamline the implementation effort.

In addition, there is a complementary objective aimed at receiving comments on the feasibility (as part of the STTR project) of delivering a second implementation work stream for the selection and implementation of an OSFI-wide Planning system, which is tightly integrated with STTR, to support operational and corporate planning and to indicate any associated risks or opportunities that delivering two parallel work streams might introduce.



## 2. Background

The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator of federally chartered financial institutions and federally administered pension plans. OSFI's mission is to protect the rights and interests of depositors, policyholders, pension plan members and creditors of financial institutions, and to advance and administer a regulatory framework that contributes to public confidence in a competitive financial system. OSFI supervises and regulates all banks, and all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and pension plans.

OSFI's federally legislated mandate and its key role in stewarding the health of OSFI's financial services sector, have gained global attention due to the relatively small impact the 2008 financial crisis has had on the industry. While this has provided clear evidence of OSFI's present effectiveness, senior management recognizes the need to constantly evaluate the infrastructure to proactively support OSFI's staff in conducting prudential supervisory work. The Supervision Technology and Tools Renewal (STTR) project was initiated in response to the need for more robust tools to support "Supervisors" in their core work. Additional information regarding STTR is provided in Section II.

Detailed information about the Office of the Superintendent of Financial Institutions (OSFI), including our mission and objectives, history, organization and how we regulate can be found at OSFI's website [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca).

## 3. Nature of Industry Research Initiative

This is not a bid solicitation. This Industry Research Initiative will not result in the award of any contract; therefore potential suppliers of any goods or services described in this document should not earmark stock or facilities, not allocate resources, as a result of any information contained herein. Nor will this Industry Research Initiative result in the creation of any source list; therefore, whether or not any potential supplier responds to this request will not preclude that supplier from participating in any procurement related to this initiative. Also, the procurement of goods or services described in this document will not necessarily follow this Industry Research Initiative. This Industry Research Initiative is simply intended to solicit feedback from Industry (including System Integrators, Industry Researchers and other Government of Canada Departments and Agencies) with respect to the matters described in this document and its attachments.

## 4. Industry Day

OSFI will hold a session to familiarize Industry with STTR Project Objectives and provide a forum for Industry to ask questions of OSFI representatives and clarify the reference material provided with this document and its attachments. A maximum of two attendees will be permitted from each participating organization. Web casting or dial-in / Conference Bridge will not be offered.

- **Date:** Wednesday, July 6, 2016
- **Time:** 9:30AM – 12:00 PM
- **Location:** OSFI, 255 Albert Street, Ottawa, ON (16th Floor)
- **RSVP:** Via email (including the names of attendees), to the OSFI Contracting Authority identified in section 8 below, by noon June 30, 2016
- **Agenda:** The agenda will be posted in advance of the session.



## 5. Submission of Responses

- a) **Time and Place for Submission of Responses.** Interested respondents should submit responses electronically (via email) to the OSFI Contracting Authority identified in section 8 below. Responses must be received by the time and date indicated on page 1 of this document. An extended response period has been established to allow for the summer vacation period, OSFI does not contemplate any further extension to the deadline for responses.
- b) **Responsibility for Timely Delivery.** Each respondent is solely responsible for ensuring the response is delivered on time to the correct location. Responses may be submitted electronically as indicated.
- c) **Identification of Response.** Each respondent should ensure that its name and return address, the reference number and the closing date are clearly identified in the response.
- d) **Return of Response.** Responses to this Industry Research Initiative will not be returned.
- e) **Content of Responses.**
  - a. Respondents should respond to the questions contained in Section III using the same numbering format.
  - b. Respondents are reminded that this is an Industry Research Initiative and not an RFP and, in that regard, respondents are requested to provide their comments, concerns and, where applicable, alternative recommendations regarding how the requirements or objectives described in this document could be satisfied. Any marketing or promotional information submitted as part of the responses will not be reviewed.
  - c. Responses will not be used for competitive or comparative evaluation purposes however, for ease of use and in order that the greatest value be gained from responses, OSFI requests that respondents follow the structure outlined below.

## 6. Response Costs

OSFI will not reimburse any respondents for expenses incurred in responding to this Industry Research Initiative.

## 7. Treatment of Responses

- a) **Use of Responses.** Responses will not be formally evaluated. However, the responses received may be used to assist OSFI in the development or modification of the STTR business case and development of the procurement strategies and RFP requirements. OSFI will review all responses received by the deadline for responses. OSFI may in its discretion, review responses received after the deadline.
- b) **Review Team.** A review team composed of representatives of OSFI will review the responses. OSFI reserves the right to hire any independent consultant, or use any Government resources that it deems necessary to review any response. Not all members of the review team will necessarily review all responses.
- c) **Confidentiality.** Respondents should mark any portions of their response that they consider proprietary or confidential. OSFI will treat those portions of the response as confidential to the extent permitted by the Access to Information Act (ATIP).



- d) **Follow-up Activity.** OSFI may, at its discretion, contact any representative to follow-up with additional questions or for clarification of any aspect of a response. OSFI may at its discretion, request a closed meeting with respondents to further discuss their Industry Research Initiative response and recommendations.

## 8. Enquiries

Because this is not a bid solicitation, OSFI will not necessarily respond to enquiries in writing by circulating answers to all potential respondents. During the Industry Research Initiative process, OSFI will address only questions pertaining to the research process. Requests for additional information regarding STTR (beyond that contained in this document) cannot be accommodated. Respondents with questions regarding this Industry Research Initiative may direct their enquiries to the OSFI Contracting Authority as follows:

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## 9. STTR Preliminary Procurement Timeline

OSFI is contemplating publishing an RFP for the STTR requirements in the summer of 2017. Please note that this is an estimate which has been provided for information purposes only. OSFI reserves the sole option to alter its contemplated procurement schedule as it sees fit.



## SECTION II

### SCOPE OF POTENTIAL PROCUREMENT AND GENERAL PROJECT INFORMATION

#### 1. Supervision Technology Tools Renewal (STTR) Project Background

The Strategic Vision for the STTR project is to “Enhance and support the capabilities of our people to focus on work that matters”. The project aims to meet this vision by adopting flexible and responsive supervisory processes and enabling technology, to help supervisors identify and assess key risks early, escalate the intensity of supervision quickly, and intervene promptly and assertively.

The different supervisory groups have been subject to significant change since the 2008 financial crisis. These changes have arisen mostly from the additional demands for increased supervisory intensity and effectiveness (i.e., with respect to the quality, timeliness, and documentation of risk assessments) in response to the evolving external risk environment. The consequence of this has necessarily been that resources and effort have been devoted to short-term needs, often at the cost of longer-term, strategic needs for supervision, resulting in less time for supervisors to develop their judgments related to risk assessment (the key output for supervision). While material investments have been made by OSFI to expand the staffing within our supervisory teams, there remained a need to revisit our processes and supporting technology to execute our supervisory mandate in a more efficient fashion.

The focus of the project to date has been in conducting a detailed supervision business process review (BPR), identifying the challenges and gaps, and agreeing to a set of high level business requirements. We identified many opportunities during the BPR where supervision will benefit from technology. For example, case management, knowledge management, documentation management, information management, content management, information sharing, quality review, management issues tracking, financial institution relationship management, and social and collaboration, to name a few, are all good candidates for technology enablers. This reflects the reality that most of our current state processes are supported by manual sub-processes which are inefficient, mismatched with our IT applications, and generating organizational challenges and frustration for front line supervisors and management.

#### 2. OSFI-Wide Planning Solution (complementary initiative)

In addition to STTR, OSFI requires a departmental-wide Planning solution to plan and allocate resources to OSFI mandated activities and priorities; to define resource groups by skillsets, types and organisational structures to facilitate work assignments, and to use historical planning information to support future planning. This initiative will also support project planning and reporting, as well as activity tracking and reporting of planned versus actuals. This new system will replace an existing ‘end of life’ application within OSFI’s Supervision groups and will provide new planning capabilities to the rest of OSFI who currently use manual planning methods.

#### 3. Scope of Work

Through the contemplated RFP process, OSFI is seeking to select a single Contractor that will provide the following:

- a) Project Management of all Contractor work (i.e. project planning, scheduling, budget tracking, reporting, scope management, resource management, risk management, quality management, etc.);



- b) Development and implementation activities including:
  - a. Refinement of user requirements;
  - b. Prototyping efforts to confirm user requirements and user experience expectations;
  - c. System solution architecture and design;
  - d. Detailed design and specifications;
  - e. System functionality development;
  - f. unit, system, integration, and user testing;
  - g. Development of training materials and delivery of user and system training;
  - h. Integration of the new system with OSFI's enterprise applications and OSFI's proposed Planning system; and
  - i. Transition and knowledge transfer to OSFI operational staff within Supervision and IM/IT sectors and groups.
- c) Migration of structured and unstructured data;
- d) A proven Organisational Change Management (OCM) methodology and the provision of OCM subject matter expertise to support change management within OSFI;
- e) The provision of third party software and/or hardware as required; and
- f) Support to the OSFI project governance process.

#### **4. Contract Period**

A multi-year contract, including an initial and option period(s), will be awarded.

#### **5. Basis of Payment**

It is OSFI's intention to seek an experienced System Integrator (SI) through a competitive Request for Proposal (RFP) process to develop and implement OSFI's new Supervisory System. It is OSFI's desire to complete as much of the required work as possible on a fixed-price basis, with payments on a milestone basis. Any procurement of 3<sup>rd</sup> party software or hardware would be paid upon goods delivery.

In the event there is interest in evaluating and selecting a commercial off-the-shelf (COTS) Planning solution, then implementing this Planning system across OSFI, it is expected that the first major activity, would be the options analysis and selection of the most appropriate COTS Planning solution. The options analysis would be conducted on a firm fixed price basis.

#### **6. Additional Information**

The following additional information is provided to assist potential respondents in responding to this Industry Research Initiative.

- a) After researching several types of COTS products, OSFI's options analysis has concluded that Customer Relationship Management (CRM) technology provides the best overall fit with the business requirements of this project, and with the requirements for integration with OSFI's existing technology investments. Accordingly, OSFI intends to make use of an existing Government of Canada contract to procure Microsoft Dynamics CRM as the core platform for the new Supervisory system. The key advantages of Dynamics CRM for OSFI include:
  - Strong support for case management and contact management – key requirements for STTR
  - Potential for business users to do some configuration and administration of the system
  - Ease of integration with existing technology investments (SharePoint, Outlook, MS Office, etc.)
  - Consistent user experience with other Microsoft products



- Strong support for offline and mobile work
  - Proven solution with other financial regulators having similar business processes
- b) There will be approximately 300-400 users of the new Supervisory system broken down as follows:
- 20 power users across Supervision sectors and IM/IT division;
  - 275 regular Supervision users across the Toronto, Montreal, and Vancouver offices;
  - 50 casual Supervision users across the Toronto, Montreal, and Vancouver offices;
  - 25 information consumer users across Regulation Sector and within Administrative roles; and
  - 10 authenticated public users with the occasional need to access and drop off sensitive information.
- c) There are approximately ten to fifteen Supervisory business processes to automate and many more sub-processes.
- d) Both structured and unstructured data sources will require migration to Dynamics CRM entities. There will be complexity in the sources to address and a variety of formats (word, excel documents).
- e) The total number of new cases we would expect to see in the core platform on an annual basis is approximately 5,000.
- Note:** In terms of STTR, the 5,000 cases represent executions of STTR business processes by a set of Supervision case workers. Cases carry associated structured and unstructured information. They are similar in many ways to the cases that are typically supported by audit management systems.
- f) While the development effort does not need to be conducted in Toronto or Ottawa, there is a requirement to have resources available on site within the Toronto and Ottawa offices to support prototyping, organizational change management, testing, and training activities.

## 7. STTR Project Reference Documents

The following reference documents are provided (in English only) for additional insight into the STTR project, its objectives and the work completed by OSFI to date:

- a) STTR Information Model – Summary Walkthrough Presentation
- b) High Level Business Requirements
- c) Supervisory Framework
- d) Logical Architecture Model
- e) Supervisory Process Overview for Vendors Presentation
- f) Briefing Package Provided to Vendors in Preparation for Vendor Demos (password osfi2016)



## SECTION III

### QUESTIONS TO INDUSTRY

Respondents are requested to address, but are not limited to, the following questions:

#### Corporate Capability of the SI

- 1) For the work requirements described herein, is it reasonable to expect that the contemplated contractor have experience with CRM Dynamics implementations in the GOC or other public sector organizations and if so, how much experience is required? At a minimum, please ensure that your response clearly describes why you believe that such experience is reasonable or not reasonable.
- 2) To what extent are there local (Toronto and NCR) professional services resources available with experience configuring and implementing Microsoft Dynamics CRM based solutions and with Security clearance at the Reliability level or higher?
- 3) Have you had experience delivering a solution that allow users to configure the solution to further enhance it? Are there any best practices?

#### Implementation Strategy and Approach

- 4) What do you recommend in terms of an implementation approach; traditional waterfall, incremental waterfall, iterative, or agile?
- 5) If agile is a viable option, please indicate if you have used agile approaches on government contracts, and if so, how was the contract basis of payment structured? What were the advantages that you saw to this approach and what challenges did the contractor and the client face? If you have used agile approaches on past contracts, to what degree were detailed business requirements specified in the RFP?
- 6) OSFI is currently modelling our STTR functional work streams for purposes of determining development approach, and estimating costs and level of effort for the Business Case. Can you provide recommendations on how to structure these work streams? What works best in practice for CRM projects?
- 7) Based on the information that has been provided, and your past experience with similar projects, what do you see as the key challenges with this proposed project? What advice can you offer regarding how to structure an RFP and/or contract vehicle to mitigate the risk associate with these challenges?

#### Customer Relationship Management (CRM) Technology / Lessons Learned

- 8) To what extent is the Microsoft SureStep methodology of value to a CRM development project in practice? Do you actively use it on CRM developments? If not, what equivalent methodology do you use (if any)?
- 9) Have you delivered a CRM solution in which business end-users and/or business analysts are encouraged to configure the solution without IT assistance for changes of the following type? If so,



can you please comment on “Dos and Don'ts” and best practices for addressing this type of requirement on the STTR project?

- a) Creating new views for existing entities
- b) Creating new real-time charts and dashboards
- c) Adding simple fields to existing entities
- d) Modifying the process steps associated with an existing case
- e) Making layout changes to existing forms
- f) Defining new forms for existing entities
- g) Administering end user permissions for specific entities

- 10) We anticipate the need for some CRM platform customizations (e.g., to seamlessly integrate with our EDRMS system). Based on your experience, are there things we should be doing in the project to mitigate the risks/costs associated with these customizations and their post project operational/TCO impact?
- 11) Our CRM system will have a number of integration points with existing back-end common components, which might have to be modified to support STTR. Can you suggest how the RFP should be structured to ensure that these modifications by the STTR project will be consistent with the planned evolution of these common enterprise components?
- 12) It is our intent to use CRM as a RAD platform for future legacy system renewals and new application developments after (and during) the STTR program. To what extent should this “positioning for the future” be a consideration for the STTR RFP?

#### MS Dynamics / Lessons Learned

- 13) What is your organization’s opinion of using MS Dynamics CRM as the Case Management solution and/or as a Planning solution?
- 14) What third party tools have you used in your MS Dynamics CRM implementations? What role/function did they play? What was their relative cost? Were there any issues you encountered with their use?
- 15) Has your organization developed any MS Dynamics CRM solutions using the Shared Case Management System (SCMS) initiative managed by Public Services Procurement Canada? If so, what challenges and opportunities arose due to the use of that system?
- 16) In your experience with MS Dynamics CRM, what tools, if any, were used to facilitate data migration of structured and unstructured content to MS Dynamics CRM entities? What were these tools specifically used for? What benefits did they provide? Were there any specific challenges with these tools? Do any of these tools provide capabilities and benefits beyond data migration, such as the provisioning of interoperability between CRM and various other data sources?
- 17) What barriers to adoption have you experienced with other MS Dynamics CRM implementations?



### Change Management

- 18) What does your organization recommend in terms of an organizational change management approach?
- 19) What organizational factors or conditions should be in place with a potential client that you consider critical to delivering a successful implementation?

### Project Budget and Schedule

- 20) Based on the information that has been provided, what do you see as a rough order of magnitude (ROM) (i.e. -25% / +75%) cost estimate for the STTR development and implementation effort?
  - a) <\$2,000,000
  - b) Between \$2,000,000 and \$5,000,000
  - c) Between \$5,000,000 and \$10,000,000
  - d) More than \$10,000,000
- 21) Based on the information that has been provided, what do you see as the approximate overall duration for the STTR project? What would be the approximate overall duration if we added a second parallel work stream for Enterprise Planning?

### Planning Solution

- 22) OSFI is considering including an option, as part of the overall contract, to evaluate, select, then implement a planning tool, initially focusing on Supervision's operational planning requirements, then those requirements of the rest of the organisation. What is your experience implementing COTS planning solutions? Would you be interested in a contract that stipulates dual implementation streams, one for STTR and one for planning? What issues do you see this introducing? What opportunities does it bring?

### Other Comments

- 23) Can you offer any other comments or recommendations related to this requirement and the planned procurement process?

