	IT Benchmarking Data
TO:	Board of Directors
MEETING:	February 24-25, 2015
FROM:	Steven Guiton Vice-President, Technology and Chief Regulatory Officer
PURPOSE:	IT benchmarking data, as requested at the November 2014 meeting
DATE:	January 29, 2015

SIGNIFICANT POINTS:

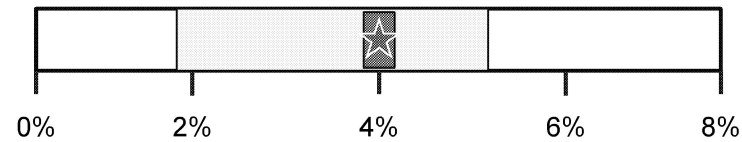
- During the discussion of the Corporation's new Technology Plan at the November meeting of the Board, members requested benchmarking information about the Corporation's technology activities generally, and more specifically, benchmarking information about the Corporation's IT activities.
- It was agreed that these benchmarking studies would be best conducted following implementation of the organisational review. In order to be as helpful as possible in the interim currently available IT benchmarking information has been pulled together for the Board's information.
- The attached report compares CBC/Radio-Canada's IT activities across all components (i.e. not simply within the Corporate IT department) to those of industry peers using information compiled from internal sources, the 2013 Hackett study of CBC/Radio-Canada's G&A performance, and a 2013 Gartner study of IT activities within the global Media and Entertainment sector.

CBC IT Benchmark Summary

IT Spend Intensity

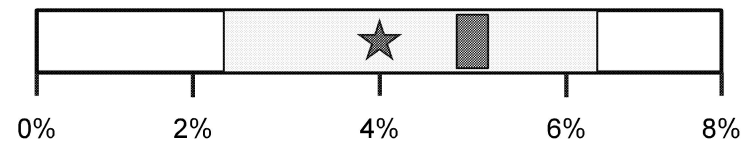
IT Spending as a Percentage of Revenue¹:

CBC: 4% vs. Benchmark Average: 4%



IT Spending as a Percentage of Operational Expenses²:

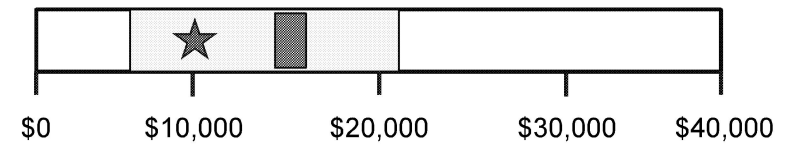
CBC: 4% vs. Benchmark Average: 5%



End-User Spending and Support

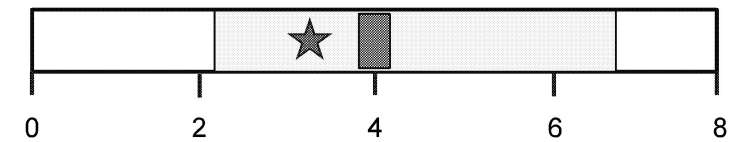
IT Spending per Employee³:

CBC: \$10,233 vs. Benchmark Average: \$15,061



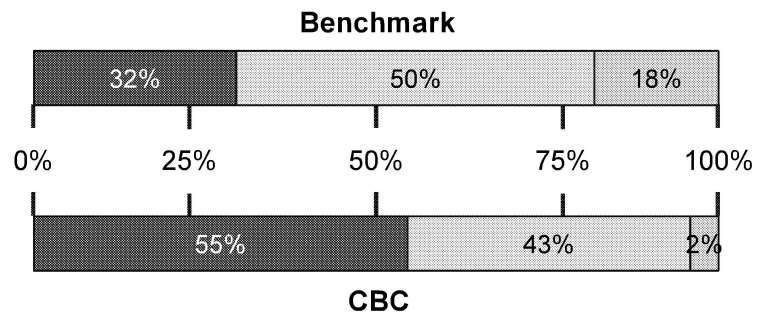
IT staff Member per 100 users⁴:

CBC: 3.26 vs. Benchmark Average: 4

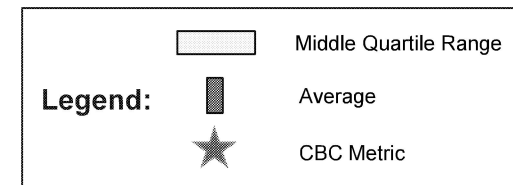


IT Spend Allocation

IT Spend Allocation⁵:



Hardware & Software
 Salaries & Benefits
 Outsourcing



^{1,2,3,4,5} See following slide for Benchmark sources

Benchmark Calculations and Notes

s.18(a)
s.18(b)

s.21(1)(b)

#	Benchmark Name	Benchmark Source	Calculation(s)	Data Source(s)	Notes
1	IT Spending as a Percentage of Revenue	Gartner: "IT Key Metrics Data 2015 - Key Industry Measures: Media and Entertainment Analysis - Current Year"		<p>Total IT Spend: Hackett Group – "General & Administrative Enterprise Rapid Assessment 2013"</p> <p>Revenue: CBC/Radio-Canada Annual Report 2013–2014</p>	"Revenue" in this metric for CBC includes both "Revenue" and "Government Funding" as reported in Annual Financial Report
2	IT Spending as a Percentage of Operational Expenses	Gartner – "IT Key Metrics Data 2015 - Key Industry Measures: Media and Entertainment Analysis - Current Year"		<p>Total IT Spend: Hackett Group – "General & Administrative Enterprise Rapid Assessment 2013"</p> <p>Operating Expenses: CBC/Radio-Canada Annual Report 2013–2014</p>	
3	IT Spending per Employee	Gartner – "IT Key Metrics Data 2015 - Key Industry Measures: Media and Entertainment Analysis - Current Year"		<p>Total IT Spend: Hackett Group – "General & Administrative Enterprise Rapid Assessment 2013"</p> <p>Permanent / Temporary FTEs: CBC/Radio-Canada Annual Report 2013–2014</p>	Company employee count includes full-time and temporary employees but not contract FTEs (to align with Gartner benchmark calculation).
4	Users per IT Staff Member	Computer Economics - IT Spending and Staffing Benchmarks 2014/2015: Users per IT Staff Member		<p>IT End-Users: Hackett Group – "General & Administrative Enterprise Rapid Assessment 2013"</p> <p>Total IT FTE: Hackett Group - General & Administrative Enterprise Rapid Assessment 2013</p>	"Total IT FTEs" include all staffing levels within the organization. This includes insourced and contract FTEs, but excludes IT outsourcing (to align to Gartner benchmark calculation).
5	IT Spend Allocation	Gartner – "IT Key Metrics Data 2015 - Key Industry Measures: Media and Entertainment Analysis - Current Year"	<p>Hardware & Software:</p> <p>Salaries & Benefits:</p> <p>Outsourcing:</p>	<p>All: Hackett Group – "General & Administrative Enterprise Rapid Assessment 2013"</p>	<p>Hardware and software costs are taken from Hackett "Technology Cost (Computer Processing, Maintenance)". Hardware and Software have been combined into a single category in the Gartner "IT Spend Allocation" metric to align with the data available through the Hackett study.</p> <p>Salaries and Benefits costs are taken from Hackett "Labour Cost (Wages, Overtime, Bonuses)", "Travel" and "Training".</p>

General Assumptions

- Hackett study and Gartner financial benchmarks are comparable with respect to USD/CAD exchange rate used to normalize benchmarking data.
- Definitions of “Total IT” costs between Hackett study and Gartner are generally consistent for the purposes of benchmark analysis.
 - Assumption that depreciation and amortization are not included in the Hackett study “Total IT” costs to align to the Gartner definition;
 - Media creation specific technology costs are not included in the Hackett Total IT costs, and as such align to the Gartner exclusion: “Appliance-like or proprietary data processing equipment that has a single (typically industry vertical) purpose and cannot be used for other general purposes.”
- CBC "Revenue" for the purposes of benchmark comparison includes both "Revenue" and "Government Funding" as reported in Annual Financial Reports.
- The following costs have been explicitly excluded from the Total IT Spend (per Hackett study): Transmission & Distribution, Broadcast & Telecommunications Networks, Director Engineering & Tech, Ingenierie de Radiodiffusion, Broadcast Engineering

Benchmark Definitions

Gartner “Total IT Spending/Budget” Definition:

"The best estimate of total spending at the end of the 12-month budget period for IT to support the enterprise. IT spending/budget can come from anywhere in the enterprise that incurs IT costs, and it is not limited to the IT organization. It includes estimates by enterprises on decentralized IT spending and or 'shadow' IT. It is calculated on an annualized 'cash flow view' basis, and, therefore, contains capital spending and operational expenses, but not depreciation or amortization."

What the IT Spending/Budget Includes, From a Resource or Cost Perspective:

- Hardware, software, personnel (including contractors, travel, benefits and training), outsourcing (external IT services like consulting, system integration, data and voice transmission, software as a service, infrastructure as a service), disaster recovery and occupancy costs associated with supporting IT within the enterprise. Costs also include all taxes (except value-added tax where it is recovered or refunded to the organization).
 - Note: Occupancy costs, include fully burdened costs for the facilities being used by the IT staff supporting the enterprise. Some examples include office space, furniture, electricity, maintenance, property taxes, security and office supplies. Occupancy costs for space dedicated to IT functions, such as the data center, including power/heat management and raised floor, are also included.

What the IT Spending/Budget Includes, From an IT Functional Area or Activity Perspective:

- The data center (for example, mainframes, servers and storage), end-user computing devices (for example, desktops, laptops, tablets, thin clients and smartphones), voice and data networks (including, but not limited to, voice and data transmissions, fixed and mobile telephony, and Internet access services), IT service desk, and applications (for example, development and maintenance).
- IT support functions, such as the office of the CIO; supervisory management; finance and administrative costs, such as purchasing; asset management; process management; and marketing of IT services.
- Dedicated data processing equipment used in operations, production and engineering environments — examples are computer-aided design/computer-aided manufacturing (CAD/CAM) and standard computing equipment used in devices for factory automation, and tablet PCs used by healthcare professionals.

What the IT Spending/Budget Does Not Include:

- Costs for technology or services that are resold. Examples include salaries for developers involved in building commercially packaged software, or IT-skilled employees who provide services for the organizations' external clients.
- Operational technology that is:
 - Equipment-built or purchased for non-data-processing purposes, but which has computerized components. Examples include robotic manufacturing machines, automated teller machines, specialized point-of-sale devices, scanners, blood pressure monitors and sensors on a supervisory control and data acquisition (SCADA) system.
 - Appliance-like or proprietary data processing equipment that has a single (typically industry vertical) purpose and cannot be used for other general purposes. A typical example is a computer that can only control the flow of electricity through the power grid. Since it cannot be repurposed, it is not included in our model. Note that other systems that gather data from this type of computer and can be used for other purposes would not be considered operational technology and, therefore, would be in scope of our model.
- Depreciation or amortization expenses, which could lead to double counting from an accounting perspective.
- Internal "cross charges" and corporate allocations related to large, significant and/or unusual one-time expenses, such as reductions in workforce, redundancy, relocations, retirement, human resources and chairperson's salary.
- Business data subscriptions and services (such as Bloomberg), even if they are managed by the IT organization.
- Business process outsourcing services (BPO) where organizations outsource entire business functions such as payroll or benefits management. This includes cases where the BPO vendor provides access to software, and also guarantees that the outcomes of their services will meet business requirements, such as tax and withholding regulations. Note: where a vendor provides Software as a Service and only guarantees that the software will perform as specified, then this is in scope of the IT spending/budget. Traditional outsourcing of IT functions, for example servers and email, are also still within scope.

Benchmark Definitions

Gartner “Media and Entertainment” Industry Definition:

Organizations from which their primary revenue stream is derived from one or more of the following:

Media

- Production of Programming for Broadcasting via Radio, Television, Cable, Internet, Satellite etc., Entertainment Production Companies.
- Publishing of Printed Media Including Books, Greeting Cards, Maps, Charts, Atlases, Newspapers, Magazines, Periodicals, Annual Reports, and Catalogues
- Publishing of Electronic Materials Including: Audio Books, Magazines, Newspapers, Directories, Databases, etc.
- Writing, Editing, and Translation Services.

Entertainment

- Professional Motion Picture and Music Production, and Distribution.
- Entertainment Services Including Casinos and Gambling, Lotteries, Amusement Operations Parks and Services, Recreation Clubs, Recreation Services, Sports Services, Professional Sports Teams, Bowling alleys, Golf Courses, Skiing Facilities, Museums, Art Galleries and Gardens.

Data and Sources

Data Point	Value	Source	Date
CBC All IT			
Total IT Spend (All CBC IT)*		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Labour Cost (Wages, Overtime, Bonuses)		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Outsourcing Cost		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Technology Cost (Computer Processing, Maintenance)		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Other Costs (Facilities, Travel, Training)		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
IT End-Users		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Total IT FTEs		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Fully Loaded Labour Rates per FTE		Hackett Group - General & Administrative Enterprise Rapid Assessment	Mar-13
Total CBC FTEs	8150	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Permanent FTE	6985	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Temporary FTE	325	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Contract FTE	840	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Revenue	\$767,830,000	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Government Funding	\$1,090,898,000	CBC/Radio-Canada Annual Report 2013–2014	Mar-14
Revenue + Government Funding	\$1,858,728,000		
Operating Expenses	\$1,873,717,000	CBC/Radio-Canada Annual Report 2013–2014	Mar-14

* The following costs have been explicitly excluded from the Total IT Spend (per Hackett study): Transmission & Distribution (~\$39M), Broadcast & Telecommunications Networks (~\$10M), Director Engineering & Tech (~\$3M), Ingenierie de Radiodiffusion (~\$3M), Broadcast Engineering (~\$3M). Included in Total IT cost are the following: Depreciation/Amortization of computer equipment, Total Systems and Software Costs, Annual Data and Voice related networking communication costs