



BCNET →

2014/15  
ANNUAL  
REPORT

# LINKING IT COMMUNITIES FOR HIGH-IMPACT RESULTS

# OUR VALUES

## SERVICE VALUE

We offer low-cost, high-quality technology solutions that meet our Members' needs.

## COLLABORATIVE

We work for the good of our Members, the higher education and research community, and facilitate their involvement, input and decision-making, as well as provide opportunities for engagement with their peers.

## ACCOUNTABLE

We are highly accountable and will openly share our progress, operational and service plans, financials, successes, and challenges with our Members, Board and government.

## OUR VISION

British Columbia's higher education and research institutions will achieve their strategic objectives enabled by the contributions of BCNET.

## OUR MISSION

BCNET offers cost-effective shared solutions that place its Members at the forefront of information and communications technology innovation.





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# WHO WE ARE

We are a not-for-profit, shared information technology services organization that continuously engages with our member community to explore, evaluate and develop solutions for mutual technology challenges. We aim to improve service quality, drive down costs and maximize efficiencies to better serve students, faculty and staff at our member institutions.

## WE ARE A COST-EFFECTIVE SERVICE PROVIDER

20

**FULL-TIME  
EQUIVALENT  
BCNET  
EMPLOYEES**

23

**SERVICES AND  
AGREEMENTS**



## WE ARE MEMBER OWNED AND MEMBER LED

NUMBER OF  
MEMBERS SERVED

25

**PUBLIC POST-  
SECONDARY  
INSTITUTIONS**

20

**RESEARCH AND  
OTHER HIGHER  
EDUCATION  
ORGANIZATIONS**

12

**SERVICES,  
ADVISORY  
AND STANDING  
COMMITTEES**

33

**WORKING  
GROUPS**

# LINKING IT COMMUNITIES FOR HIGH-IMPACT RESULTS

WE CONTINUOUSLY MEASURE OUR SERVICE BENEFITS

## SERVICE VALUE



SAVINGS FOR  
ALL SERVICES

**\$27M**

IN AGGREGATED  
SAVINGS FOR ALL  
SERVICES 2014-2015

**\$36M**

IN AGGREGATED  
SAVINGS FOR ALL  
SERVICES 2013-2015

## ACCOUNTABLE



**12**

BOARD OF DIRECTORS  
AND EXECUTIVE  
COMMITTEE MEETINGS

**8**

FINANCE COMMITTEE  
MEETINGS

**4**

MEMBER  
MEETINGS

**2**

TECHNOLOGY  
INDUSTRY ADVISORY  
COMMITTEE MEETINGS

## COLLABORATIVE



1,413

EXECUTIVE, MANAGEMENT,  
AND IT PROFESSIONALS  
FROM MEMBER INSTITUTIONS  
REACHED THROUGH EVENTS

300

IT MANAGEMENT & STAFF FROM  
25 INSTITUTIONS PARTICIPATED  
IN COMMITTEE AND WORKING  
GROUP MEETINGS



1,200

WIKI/INTRANET  
USERS

210

COMMITTEES AND WORKING  
GROUP MEETINGS



1,065

TWITTER  
FOLLOWERS

# OUR MEMBERS

OUR MEMBERSHIP IS OPEN TO ALL HIGHER  
EDUCATION AND RESEARCH INSTITUTIONS IN B.C.

## FOUNDING MEMBERS

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a place of mind  
THE UNIVERSITY OF BRITISH COLUMBIA



## CORE MEMBERS

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THOMPSON RIVERS  
UNIVERSITY

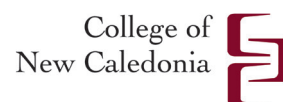


BRITISH COLUMBIA  
INSTITUTE OF TECHNOLOGY



## COLLEGE MEMBERS

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# UNIVERSITIES AND INSTITUTES MEMBERS



# RESEARCH AND OTHER HIGHER EDUCATION MEMBERS



# MESSAGE FROM THE PRESIDENT



BCNET's mission encompasses the entire spectrum of information technology, in support of higher education within British Columbia. This past year saw the realization of that mission.

IT is key to nearly every aspect of an academic institution, covering networks, infrastructure, software systems and many other areas. While this wide-ranging scope can be daunting, it also provides a rewarding set of professional challenges for any technologist. This has helped us build an engaged BCNET IT community—encompassing everything from small colleges to large research universities.

It has been an interesting year of development and growth for all of us. We can now see the day when all of our Members will be part of the BCNET Advanced Network, with access to a large number of innovative and cost-effective IT services.

Thanks to the efforts of Marilyn Hay, her network engineering team and Clarence Lee, the vision of an integrated network for post-secondary institutions began to be fulfilled. Integrated Network and Services Committee chairs Ian MacLeod (Douglas College) and Greg Condon (UNBC) worked with committee colleagues, the network team and the Ministry of Advanced Education to devise a process to move institutions directly onto the BCNET Network. The success of this initiative is foundational to all other IT shared services. It represents a significant milestone in the quest to provide our Members with high quality access to the Internet, content providers and global research networks.

This year also saw the launch of EduCloud Server, an innovative virtual data centre service. Provided by the capable staff at UBC, under the direction of Michael Thorson and Mario Angers, and with

# MESSAGE FROM THE CHAIR



initial funding from the Ministry of Advanced Education, EduCloud Server will enable institutions to obtain computing and storage facilities cheaply and effectively over the BCNET Network. Dean Crawford at BCNET worked closely with UBC to develop the service.

We were also busy with joint procurements (Members spent \$41M on BCNET procurement contracts and saved a collective \$22M), enterprise systems support and our signature IT conference, which attracted over 650 attendees.

Our accomplishments would not be possible without the support of our community of Member institutions. Thank you for your engagement, and you can expect more exciting developments from the small, competent and dedicated team at BCNET in the coming years.

A handwritten signature in black ink, appearing to read 'MHrybyk'.

**MICHAEL HRYBYK**  
PRESIDENT AND CEO, BCNET

Over the past year, BCNET has successfully leveraged our strengths in the advancement of shared services for B.C.'s higher education sector. In alignment with our vision and mission, we have delivered on our goals to decrease costs, reduce technology duplication and improve efficiencies through cost-effective shared services and solutions.

We have worked hard to make the most of our Members' strengths by identifying opportunities for collaboration, thinking strategically and executing efficiently, which has helped us deliver value within our sector. Through our good governance processes, collaborative member-driven community, and committees and working groups, we remain a transparent, highly accountable and effective organization.

Recently, we have worked more closely with government by aligning our focus on a number of initiatives within the Ministry

of Advanced Education and participating in delivering on the mandate of Administrative Service Delivery Transformation Project. These relationships have enabled us to be progressive in our thinking and approach, resulting in the creation and delivery of key services and solutions.

Our success would not be possible without the dedication and contributions of the BCNET management and staff, and all of the employees at our member institutions. I want to thank everyone for their contributions and support of BCNET over the past year. We look forward to an even more productive and successful year ahead.

A handwritten signature in black ink, appearing to read 'Paul Stokes'.

**PAUL STOKES**  
CHAIR, BCNET  
BOARD OF DIRECTORS

# OUR STRATEGIC DIRECTION

BCNET relies on the input of our Board, Members, management and staff in mapping our strategic direction for the year. Through a rigorous operational planning process, we charted a clearly defined strategy with objectives and goals for the 2014 to 2015 year.

## KEY STRATEGIES IN 2014/15

Expand, improve and operate the BCNET Advanced Network

Cultivate cost-effective, high-quality IT services by Members and for Members

Manage and operate existing IT services

Cooperatively share enterprise systems resources

Drive down service costs through sector-wide procurements and manage existing contracts

Communicate, collaborate and build Member community

# EXPAND, IMPROVE AND OPERATE THE BCNET ADVANCED NETWORK



The BCNET Advanced Network serves as a powerful platform to effectively share IT services, such as off-site data processing, virtual data centre services, cloud video conferencing and cloud computing. Equitable access to the Advanced Network ensures that all institutions—large and small—can provide leading-edge technology services to better serve faculty, students and staff. Ultimately, this enables them to enhance the teaching and learning experience.

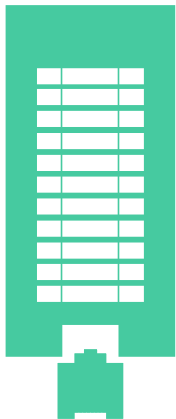
GOAL

# PLAN GROWTH FOR NETWORK CONNECTIVITY

This year we made a commitment to assist Members with upgrading network infrastructure and building new high-speed campus connections.

RESULTS

We delivered new, low-cost network connections and upgrades to 13 member sites. By partnering with regional municipalities in Vancouver and Surrey, we were able to leverage existing fibre optic network assets and significantly reduce our member connection costs.



## ADDING CAMPUS CONNECTIONS & UPGRADING INFRASTRUCTURE

- Annacis Island Campus, BCIT
- 10 Gigabit Upgrade, SFU
- First Nations Health Authority
- Centre for Addictions Research, UVic, Vancouver
- 10 Gigabit Upgrade, Emily Carr University of Art & Design
- Centre on Aging, UVic, Ladner
- Medical IT Wireless Access to Educational Resources, UBC

NEW ADVANCED NETWORK PARTICIPANTS

NEW University Connections:

- Kwantlen Polytechnic University, Surrey
- University of the Fraser Valley, Abbotsford & Chilliwack
- Vancouver Island University, Nanaimo

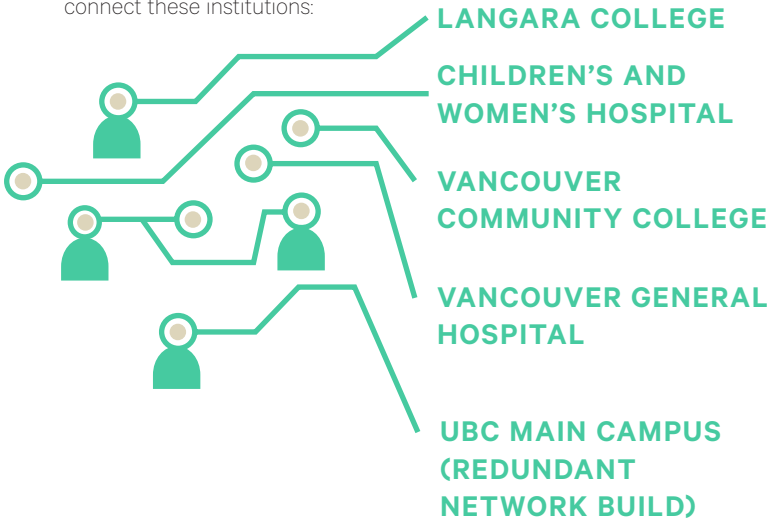
NEW College Connections:

- Langara College: Main Campus & West Broadway Campus

## CITY PARTNERSHIPS: EXCHANGING FIBRE OPTIC NETWORK INFRASTRUCTURE

In 2014, BCNET and the City of Vancouver reached a unique agreement to exchange fibre optic network infrastructure in an effort to reduce costs and expand existing infrastructure.

BCNET leveraged the City of Vancouver's fibre optic network cable routes to cost-effectively connect these institutions:



## GOAL

# CONNECT THE ENTIRE PUBLIC, POST-SECONDARY SECTOR TO THE ADVANCED NETWORK

In 2013, BCNET began to explore the feasibility of a seamless, integrated higher education network solution in cooperation with the Government of British Columbia and all public, post-secondary institutions in the province. We developed a proposal for a solution that will provide all PLNet (Provincial Learning Network) connected campuses in the province with a seamless link to the Advanced Network. The Ministry of Advanced Education provided one-time project funding of \$500,000 in support of the proposal to develop Advanced Network proof-of-concepts and integrate PLNet with BCNET.

## RESULTS

We made good progress on our proof-of-concept goals for the year:

- established business, transition and connectivity plans for two proof-of-concept sites at Vancouver Island University and the College of New Caledonia
- interconnected PLNet with the Advanced Network.

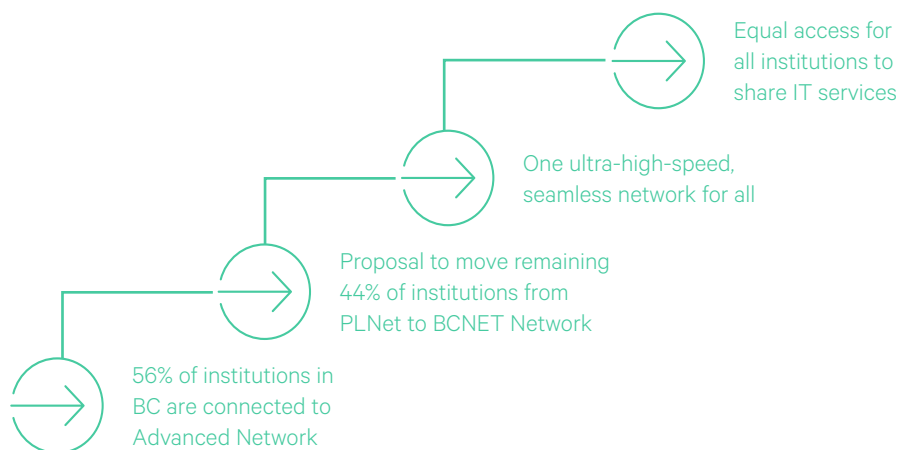
## ESTABLISHED A MODEL FOR ALL INSTITUTIONS

In cooperation with all stakeholders, we successfully developed a detailed funding model that will provide many of the smaller colleges, institutes and universities with essential financial resources to connect to the Advanced Network. The model establishes a fair, transparent and clearly defined process for the Ministry of Advanced Education to allocate funds to improve network connectivity. The Ministry endorsed the funding model and committed to allocate Ministry funds from discontinued PLNet circuits.

BETTER, FASTER, CHEAPER: ONE ADVANCED NETWORK PLATFORM TO SHARE IT SERVICES FOR ALL

## BCNET'S PROGRESS OF THE INTEGRATED NETWORK PROJECT

- Formed an oversight committee
- Developed a proposed BCNET funding model
- Received Ministry of Advanced Education (MAVED) endorsement of the BCNET funding model
- Confirmed committed dedicated MAVED funds from discontinued PLNet circuits
- Reached out to Members for funding proposals



## GOAL

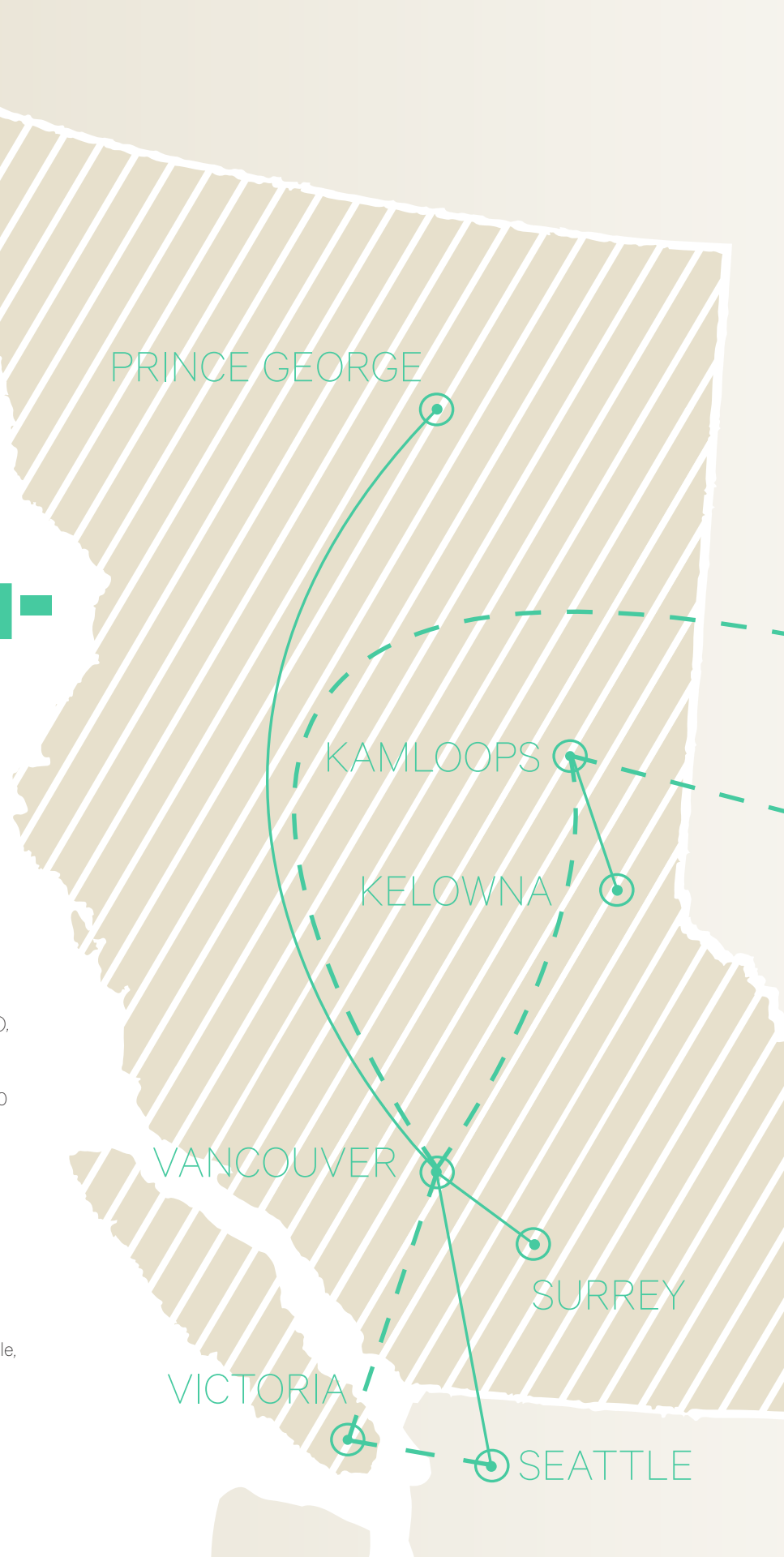
# SUPPORT CANARIE IN DEPLOYING ITS 100 GIGABIT PRODUCTION- GRADE NETWORK IN BRITISH COLUMBIA

CANARIE operates and evolves the national backbone of Canada's ultra-high-speed National Research and Education Network (NREN), connecting to 12 provincial and territorial partner networks.

They are building and funding the next-generation network, a full-production 100 gigabits per second network. The network—100,000 times faster than the average home connection—ensures ultra-fast backbone support for the next wave of data intensive research and innovation. CANARIE's provincial and territorial NREN partners are supporting the implementation of the CANARIE upgrade to ensure the NREN evolves coherently and consistently across Canada.

## RESULTS

BCNET's team of network engineers worked alongside CANARIE and Cybera to support and complete the deployment of the British Columbia segment connecting Victoria, Vancouver, Kamloops, Seattle, Edmonton and Calgary at speeds of 100 gigabits per second.



## MANAGE AND OPERATE THE ADVANCED NETWORK

BCNET operates, maintains, supports and measures its network for continuing service excellence. A consortium of network engineers from our member institutions cooperatively manages the province-wide Advanced Network to ensure a high availability and reliable service for the benefit of all participants.

### NETWORK SERVICE METRICS 2014/15

EDMONTON



CALGARY



#### CONNECTIONS

56% of B.C.'s public, post  
secondary institutions

85 Member sites



#### SAVINGS

\$1.5M savings

40% Increase in commercial  
Internet traffic



#### AVAILABILITY

100% Commercial Internet

100% CANARIE, Canada's  
National Research and  
Education Network

99.98% BCNET Advanced  
Network core availability

**87%\* = \$1.2M**

Increase  
in network  
peering traffic

Avoided  
commercial Internet  
transit costs

#### LEGEND:

- 10 gigabit per second fibre optic network
- 100 gigabit per second fibre optic network

\* Peering reduces member costs by offloading Internet traffic bound for commercial Internet providers

# CULTIVATE COST-EFFECTIVE, HIGH QUALITY IT SERVICES BY MEMBERS AND FOR MEMBERS



Sharing IT services offers many benefits, from reducing and containing costs and increasing spending power, to decreasing duplication and improving service quality and productivity. We support the development of innovative IT services and undertake only those services for which we can clearly document and verify value.

GOAL

# IDENTIFY IT SERVICES FOR THE SECTOR

Members of the IT Services Committee cooperatively mapped IT service requirements for the year and recommended 12 services for development.

RESULTS

BCNET and its working groups completed four service plans this year.

## 12 IT SERVICES IDENTIFIED FOR HIGHER EDUCATION



**SERVICE PLANS  
COMPLETED**

- Data centre
- EduCloud Server
- Digital signage
- Video storage and share platform



**SERVICE PLANS IN  
DEVELOPMENT**

- BC EduTrust
- Federated Identity Service
- Email
- E-procurement
- Dropbox
- Video conferencing  
for teaching and learning



**SERVICE PLANS  
ON HOLD**

- 24/7 Network Operations Centre
- Cable management system
- Adopt best practices for security  
assessment of vendors

GOAL

# CREATE BC EDUTRUST FEDERATED SERVICES TO SUPPORT MEMBERS IN ADOPTING FEDERATED- IDENTITY TECHNOLOGIES

BCNET Members have been exploring ways to create a trusted digital management environment to provide students, faculty and staff with seamless and secure access to Wi-Fi, online content and web-based applications—whether at home or visiting another campus.

**RESULTS**  
**WE COLLABORATED TO DEVELOP A**  
**DIGITAL “CIRCLE OF TRUST”**

Over the last year, a group of identity experts from Member campuses have been working together with the Canadian Access Federation (CAF), BCcampus and stakeholders to plan, design and create federated services for British Columbia member organizations. The team of identity experts developed a detailed BC EduTrust Federated Service plan with a vision of facilitating a sector-wide, higher education digital “circle of trust” that will allow cross-domain access to BCNET member-hosted resources.

**PROGRESS THIS YEAR**

- Established the BC EduTrust Steering Committee
- Assisted members in joining the Canadian Access Federation
- Created a project to build a hosted identity-provider platform

## BC EDUTRUST FEDERATED SERVICES

Managing the  
identity and trust  
of users, devices  
and access to  
IT services



**BENEFITS FOR  
IT ADMINISTRATORS**

Zero-cost access to  
identity management  
experts and support

Admission to identity  
provider infrastructure  
and hosting services

Reduced learning curve  
for deploying federated  
access solutions

Access to resources for  
cloud-service, privacy-  
impact assessments

Reduced overall costs



**BENEFITS FOR STUDENTS,  
FACULTY AND STAFF**

Easy user access to  
shared IT services

Simplified access policies  
and procedures

Improved efficiencies

## GOAL

# DEVELOP CLOUD COMPUTING

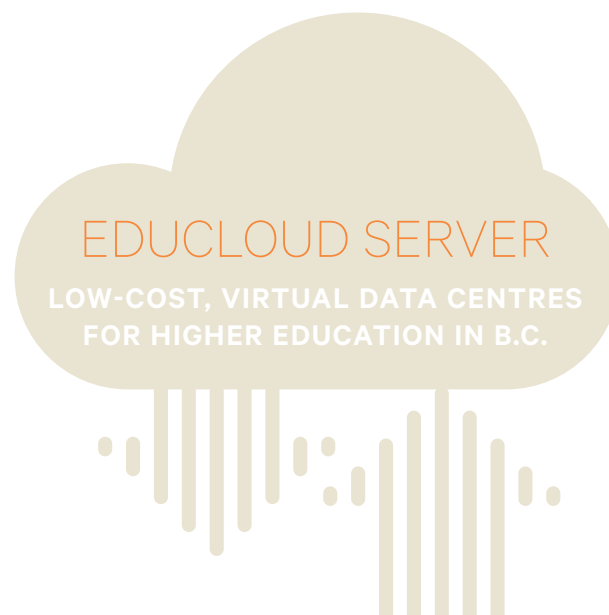
Moving data and computers from local servers to the cloud can lead to efficiencies and greatly reduced IT costs. BCNET was tasked with creating a highly cost-effective cloud-based solution that meets B.C. provincial government requirements for storing sensitive public data on secure networks and data centres inside Canada.

## RESULTS

### WE PILOTED A LOW-COST, VIRTUAL DATA CENTRE SERVICE

In partnership with the University of British Columbia (UBC), BCNET launched a pilot for EduCloud Server, a software solution that enables higher education IT organizations to build secure, multi-tenant private clouds by pooling infrastructure resources into virtual datacentres.

Designed to meet the specific needs of higher education and provide compliance with the Freedom of Information and Privacy Act, the self-managed EduCloud Server is a more cost-effective alternative to implementing physical servers.



**STORAGE**  
at UBC's  
data centre



**OPERATED AND  
SUPPORTED**  
by UBC



**24/7**  
availability



**DESIGNED**  
to meet needs of  
higher education



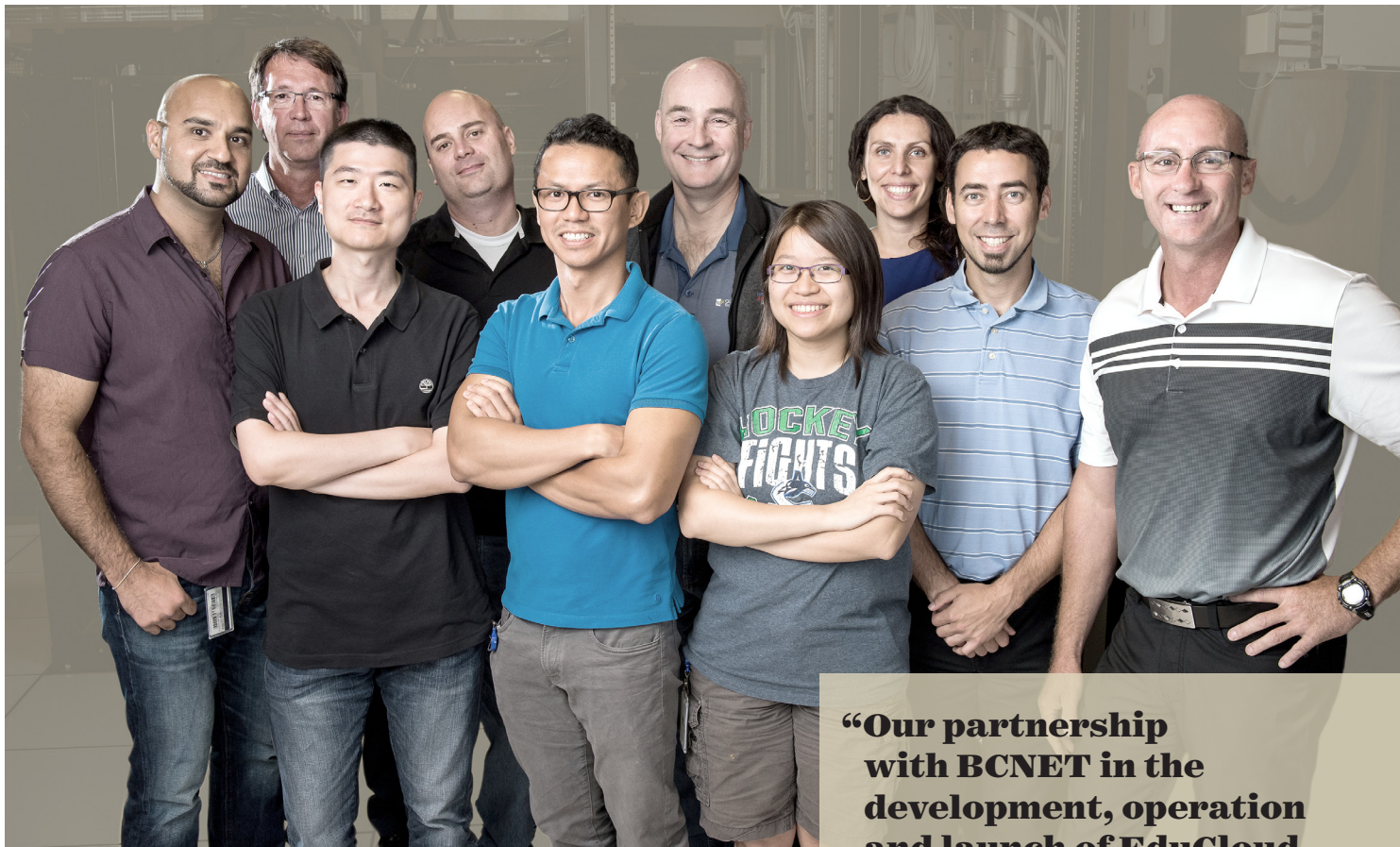
**ANYWHERE,  
ANYTIME**  
self-service portal



**100% FIPPA  
COMPLIANT**  
Stores and backs  
up data in B.C.

## EDUCLOUD SERVICE OPERATOR

### UNIVERSITY OF BRITISH COLUMBIA IT DEPARTMENT



#### **A UNIQUE PARTNERSHIP**

#### **UBC IT AND BCNET SUCCESSFULLY LAUNCH EDUCLOUD FOR THE PUBLIC, POST-SECONDARY SECTOR**

In 2013, a team of 13 experts from UBC's IT department built and launched EduCloud Server, a cloud service created for UBC's internal stakeholders. The service was designed to decrease server costs and simplify IT processes for the delivery of virtual servers to its user community of faculty and staff.

EduCloud has been a great success in the two years since its launch, and 90 per cent of faculties and departments have adopted the service. The team's success in operating EduCloud provided a strong foundation to expand the service to the entire public-post secondary sector.

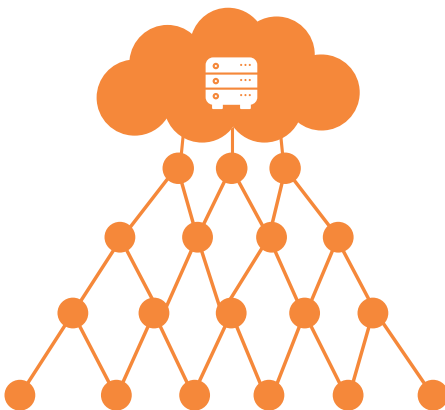
**“Our partnership with BCNET in the development, operation and launch of EduCloud Server has been seamless, efficient and effective. Our team is proud and excited to be managing EduCloud for the entire sector. This unique cooperation is a win-win experience for us and the community—we all learn from each other.”**

**MARIO ANGERS, SERVICE MANAGER, SYSTEMS, UBC IT**

## THOMPSON RIVERS UNIVERSITY EXTENDS ITS VIRTUAL DATA CENTRE WITH EDUCLOUD SERVER

Thompson Rivers University's (TRU) IT department was an early adopter of EduCloud Server to easily provision servers to their client base at a fraction of the cost of implementing physical servers. Still in its early phase of implementation, TRU is using EduCloud Server to extend its existing virtual data centre for the efficient delivery of high-quality services to its faculty, staff and students.

EduCloud is being used as the campus-wide disaster recovery solution, with the added advantage of its seamless link to the ultra-high-speed, Advanced Network for fast and easy data transmission. EduCloud is also helping the TRU team turn up virtual machines for application testing of production and development services, ultimately speeding up service delivery to their clients.



**“One of the greatest benefits of EduCloud is our relationship with UBC’s team—a talent pool of highly specialized and responsive technical resources. We are a small IT shop; so, having access to their expert resources provides a virtual extension of our staff, without incurring any costs. We schedule bi-weekly meetings to resolve issues and improve our service levels. This makes EduCloud very attractive.”**

**WESLEY COLE, DIRECTOR, NETWORK  
AND TECHNICAL SERVICES, IT SERVICES,  
THOMPSON RIVERS UNIVERSITY**

**“To control rising costs and meet unprecedented demand for services, campus IT departments need to move to the cloud to provision their infrastructure. Existing privacy constraints in B.C. have been a challenge for post-secondary, until the launch of Educloud Server. The service allows us to rapidly and easily provision virtual servers for our faculty, researchers and administrative support and avoid the costs and delays of installing and maintaining hardware.”**

**BRIAN MACKAY, ASSOCIATE VICE  
PRESIDENT AND CIO, IT SERVICES,  
THOMPSON RIVERS UNIVERSITY**

## GOAL

# MANAGE A VIDEO CAPTURE AND STORAGE SERVICE



BCNET member institutions revealed a strong demand for a shared enterprise video solution. They require a powerful platform for faculty, students and staff to easily capture, manage and share video content for teaching, learning, research and administration.

## RESULTS

In response to member requirements, we negotiated a master supply agreement with Victoria-based MediCore to help institutions easily capture, manage and share educational content. MediaCore's powerful, cloud-based solution was piloted at the University of Victoria and is proving to be a successful tool for building community.

## HOW CAN FACULTY, STUDENTS AND STAFF USE A VIDEO CAPTURE SOLUTION?



### RESEARCH

- Faculty research profiles
- Research announcements
- Collaboration among researchers
- Knowledge mobilization



### ADMINISTRATIVE

- Communications
- Marketing and promotions
- Announcements and events
- Departmental training



### TEACHING & LEARNING

- Course materials
- Focused course materials discussions
- Student assignments
- Mini-lectures
- Individual student or group projects
- Digital portfolios for students in professional programs (Co-op, Fine Arts)
- Teaching for synchronous or asynchronous learning environments



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#### USE CASE

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## UNIVERSITY OF VICTORIA PILOTS VIDEO STORAGE TO BUILD COMMUNITY AND IMPROVE TEACHING AND LEARNING EXPERIENCE

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Online video is growing at a voracious speed. It is estimated that 90 per cent of all Internet content will be video by 2017 (Gartner Research). However, the use of social media sites, such as YouTube or Vimeo, for sharing higher education content poses major privacy and compliance challenges.

In an effort to enable staff, faculty and students to securely and easily capture, view and share videos, the University of Victoria's (UVic) Technology Integrated Learning (TIL) unit and University Systems group created their own long-term, branded solution—GoMedia.

Using the MediaCore video platform for higher education institutions, UVic's TIL team invited a diverse selection of faculty members to pilot the service. The pilot group included not only early adopters and innovators, but also collaborators and people who would be invested in giving constructive feedback.

The onboarding was a success, and the pilot found GoMedia to be an excellent way to build community and improve the student experience, as well as an innovative teaching and learning tool. With all data stored in B.C., GoMedia also meets privacy and compliance requirements.

**“Students claim it’s as easy to use as YouTube or Vimeo, and in the long-term we see GoMedia as an excellent tool for building community and attracting and retaining students.”**

**JANNI ARAGON, DIRECTOR  
TECHNOLOGY INTEGRATED LEARNING,  
UNIVERSITY OF VICTORIA**

# MANAGE AND OPERATE EXISTING IT SERVICES

BCNET oversees existing services to measure usage, performance and satisfaction.

## IT SERVICE PERFORMANCE METRICS



**\$2M**  
IN SAVINGS

**68%**  
PARTICIPATION

**7,700**  
MEETINGS

### DATA BACKUP & STORAGE



**\$100,000**  
IN SAVINGS

**16%**  
PARTICIPATION

# IMPROVE ENTERPRISE SYSTEMS SERVICES



In 2014/15, BCNET added a portfolio of enterprise system services to our service catalogue. We promised to support all member institutions that are using Banner and Colleague by Ellucian, a leading Enterprise Resource Planning (ERP) solution.

## GOAL

# COLLABORATE AND FORGE PARTNERSHIPS

We pledged to work cooperatively with existing special interest groups, consortiums and Members to share technical expertise across the sector and identify new opportunities for service improvements.

## RESULTS

We began by creating a new Enterprise Systems Services Committee that functions as a forum for inter-institutional discussion on issues and opportunities related to enterprise systems.

### THE HIGHER EDUCATION ENTERPRISE RESOURCE PLANNING LANDSCAPE IN B.C.

**COLLEAGUE BY ELLUCIAN** 9 Members

**BANNER BY ELLUCIAN** 11 Members

**PEOPLESOFT BY ORACLE** 2 Members

**CUSTOMIZED**

**CAMPUS SOLUTIONS** 2 Members

### WHAT IS THE ADMINISTRATIVE SYSTEMS CONSORTIUM (ASC)?

ASC is a non-profit society created for institutions that use Colleague by Ellucian. It provides operational and strategic direction for the implementation of Colleague.

### WHAT IS THE FINANCIAL AID CONSORTIUM (FAC)?

Users of Banner by Ellucian formed FAC. They cooperate to develop a custom software solution to support applications for student financial aid, as well as assessment, tracking of awards and a critical two-way data exchange facility with the Ministry of Advanced Education Student Financial Information System.



## NUMBER OF COLLABORATIONS

6

Enterprise Systems Services  
Committee meetings

## COOPERATING WITH SPECIAL INTEREST GROUPS

9

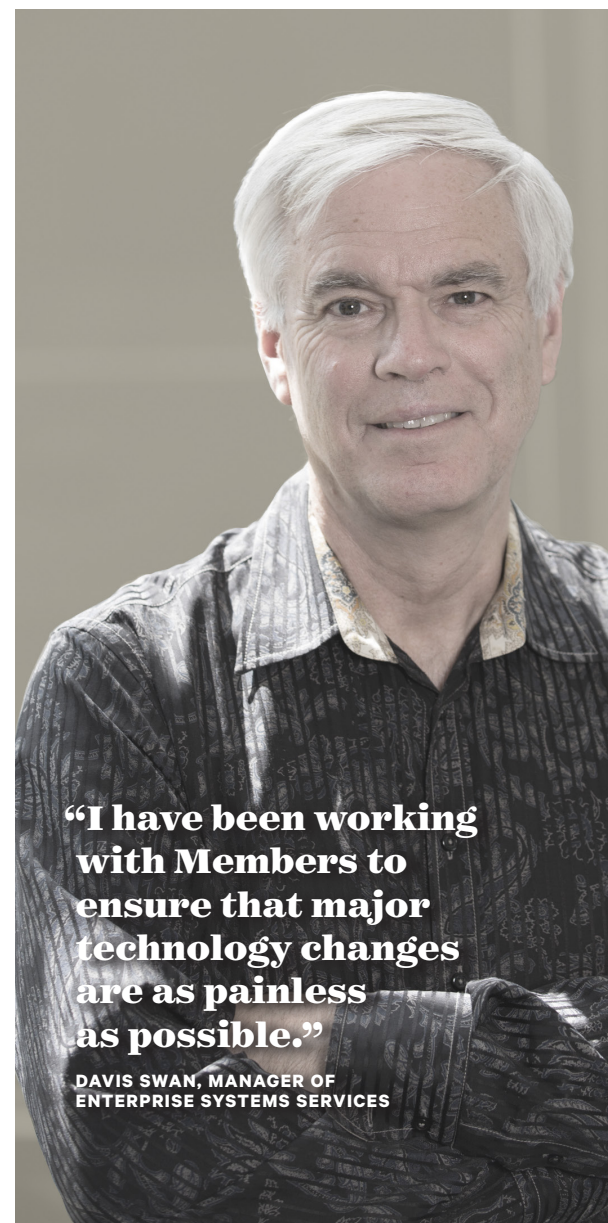
ASC meetings

10

Banner Working Group  
meetings

2

Financial Aid Consortium  
meetings



**“I have been working  
with Members to  
ensure that major  
technology changes  
are as painless  
as possible.”**

**DAVIS SWAN, MANAGER OF  
ENTERPRISE SYSTEMS SERVICES**



In 2014, Davis Swan joined BCNET as the manager of Enterprise Systems Services. He was tasked with improving service delivery for the sector.

Davis collaborates with Members of the Enterprise Systems Services Committee, the Administrative Systems Consortium and the Financial Aid Consortium to understand needs and challenges and investigate and provide technology solutions.

## GOAL

# IMPROVE LICENSING AND SUPPORT FOR GREATER EFFICIENCIES



There are a myriad of licensing and support contracts among our Members. Our goal was to simplify processes and find efficiencies.

## RESULTS

This year we evaluated our existing support and licensing contracts for Ellucian's Banner and Colleague. A detailed analysis resulted in a possible solution for a sector-wide Ellucian master service agreement to include:

- simplified licensing
- reduced costs
- consistent consulting rates
- simplified payment process
- enhanced support
- improved partnership model.



## IMPROVING ORACLE SOFTWARE LICENSING ADMINISTRATION

Our Members were interested in improving the administration of two long-standing Oracle software-licensing contracts. We explored the possibility of new licensing options to simplify the billing process and reduce costs through a sector-wide master service agreement with Oracle.



## INVESTIGATING PRIVATE CLOUD SERVICES

In an effort to make managing on-premise Oracle database environments and collaborating and sharing database administrative resources easier and less resource-intensive, we looked at the feasibility of using the Oracle Private Cloud service.

GOAL

# DEVELOP A MODEL FOR SHARED ENTERPRISE SYSTEM SERVICES

Over the years, B.C. higher education institutions have cooperated to develop custom software solutions for Ellucian's Banner and Colleague. They identified a requirement to build a secure and reliable repository management system for all software customizations.

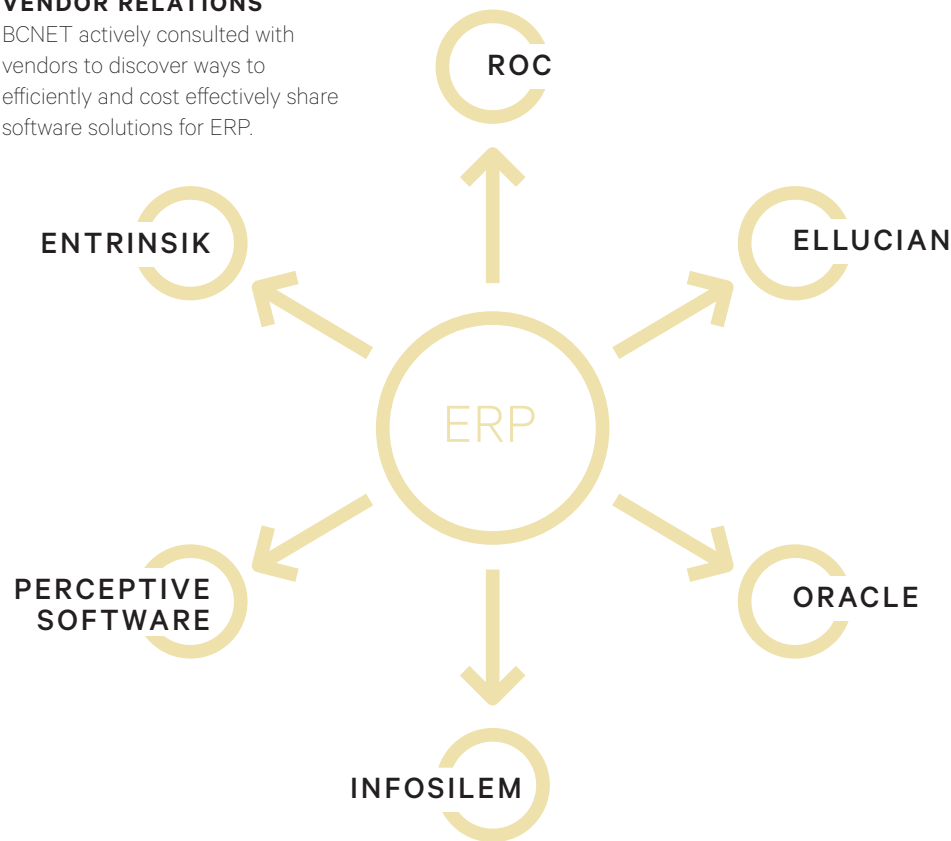
RESULTS

We created a technical advisory group to help define the best approach for hosting and securing a centralized source code control system for all software customizations. A custom software management service is also being developed.

The BCNET Banner Working Group recognized the importance of assisting institutions in building new development skills to aid in their transition to Ellucian Banner's new technology environment XE (Extensible Ecosystem). As a result of this requirement, we garnered working group approval to offer financial training support to mitigate 50 per cent of our Members' training costs.

VENDOR RELATIONS

BCNET actively consulted with vendors to discover ways to efficiently and cost effectively share software solutions for ERP.





# DRIVE DOWN SERVICE COSTS THROUGH SECTOR-WIDE PROCUREMENTS

BCNET acts as a buying club for the purchase of hardware, software and other services for the sector. We look for opportunities to leverage the strength and size of our membership to reduce costs, improve efficiencies and increase service quality.

GOAL

# NEGOTIATE MASTER SERVICE AGREEMENTS WITH PROVIDERS AND VENDORS AND REDUCE THE OVERALL COST OF PRODUCTS AND SERVICES

MANAGE OUR EXISTING VENDOR CONTRACTS FOR HARDWARE, SOFTWARE AND OTHER SERVICES

BCNET partners with its existing vendors to evaluate contracts for maximized savings, assess ongoing member satisfaction and explore approaches to improve service adoption.

NUMBER OF CONTRACTS

19

TOTAL NUMBER OF AGREEMENTS NEGOTIATED FOR THE SECTOR



CONTRACT PARTICIPATION RATES

92%

SOFTWARE

68%

HARDWARE

52%

DESKTOP/ LAPTOPS

100%

MICROSOFT SOFTWARE LICENSING

68%

STORAGE EQUIPMENT

44%

SURVEY TOOL

PROCUREMENT SAVINGS

\$22M

AGGREGATED SAVINGS 2014-15

\$28M

AGGREGATED SAVINGS 2013-15

\$41M

TOTAL SPEND 2014-15

The Procurement Services Committee helped identify and recommend procurement priorities for the year. Our Members spent \$41 million on BCNET procurement contracts in 2014/15 and saved a collective \$22 million.

RESULTS

8

RECOMMENDED  
PROCUREMENT  
OPPORTUNITIES

9

NEW VENDOR  
CONTRACTS

3

REQUEST FOR  
PROPOSALS IN  
PROGRESS (SERVER &  
WIRELESS ROUTERS)

VENDOR CONTRACTS COMPLETED

FLUIDWARE  
SHARED SURVEY  
TOOL

PALO ALTO &  
CHECKPOINT  
NETWORK  
FIREWALLS

CISCO &  
JUNIPER  
CORE  
SWITCHES

REGROUP  
EMERGENCY  
NOTIFICATION  
SYSTEM SOFTWARE

SHAW  
& BELL  
PSTN

BLUE JEANS  
NETWORK  
CLOUD VIDEO-  
CONFERENCING

LANDMARK MICROSOFT SOFTWARE  
VOLUME LICENSING AGREEMENT

We signed a landmark Microsoft software volume licensing agreement for higher education in B.C. The agreement helps BCNET establish a strategic alliance with Microsoft, reduces Member costs on software licensing, and supports technology innovation for the sector through a shared service agreement.

All 26 of our higher education institutions signed the agreement, which offers them optimized pricing for Microsoft software licensing, as well as customized solutions, simplified asset management, and lower total cost of ownership through our value-added reseller, Long View Systems.

BCNET partnered with Microsoft and Long View Systems to negotiate the agreement. The product offering includes Campus EES and Select Agreements, Windows Server, System Centre, Exchange, Lync, SharePoint, Project, Visio and more.

MICROSOFT VOLUME LICENSING  
AGREEMENT FOR HIGHER EDUCATION

- Estimated spend of the three-year agreement is \$9M
- Projected savings of \$1.5M
- Volume purchasing of more than 33,000 desktop licenses
- Institutions can leverage the full potential of new Microsoft Academic Value Add Programs such as Office 365 and DreamSpark

**“At Microsoft, we invest heavily in Canadian education and it is one of our most strategic verticals. Our vision is to help students and educators around the world by enabling them to realize their full potential.”**

MAT BURKE, ACCOUNT EXECUTIVE, MICROSOFT

# COMMUNICATE, COLLABORATE AND BUILD MEMBER COMMUNITY



Effective communication drives our success as a shared IT services organization. Our Members need to learn about the types of services available, our progress in service developments and the overall value to the sector as a whole. In addition, we work hard to build community and collaboration through face-to-face Member Meetings, social events and our annual higher education IT conference.

**“BCNET has played a vital role in my growth. I truly believe that its IT community has much to offer its Members—especially aspiring leaders. There are invaluable insights shared in the Member Meetings, working groups and at the conference and events.”**

**SANDEEP SIDHU,  
DIRECTOR OF CLIENT  
SERVICES, IT SERVICES,  
SIMON FRASER UNIVERSITY**



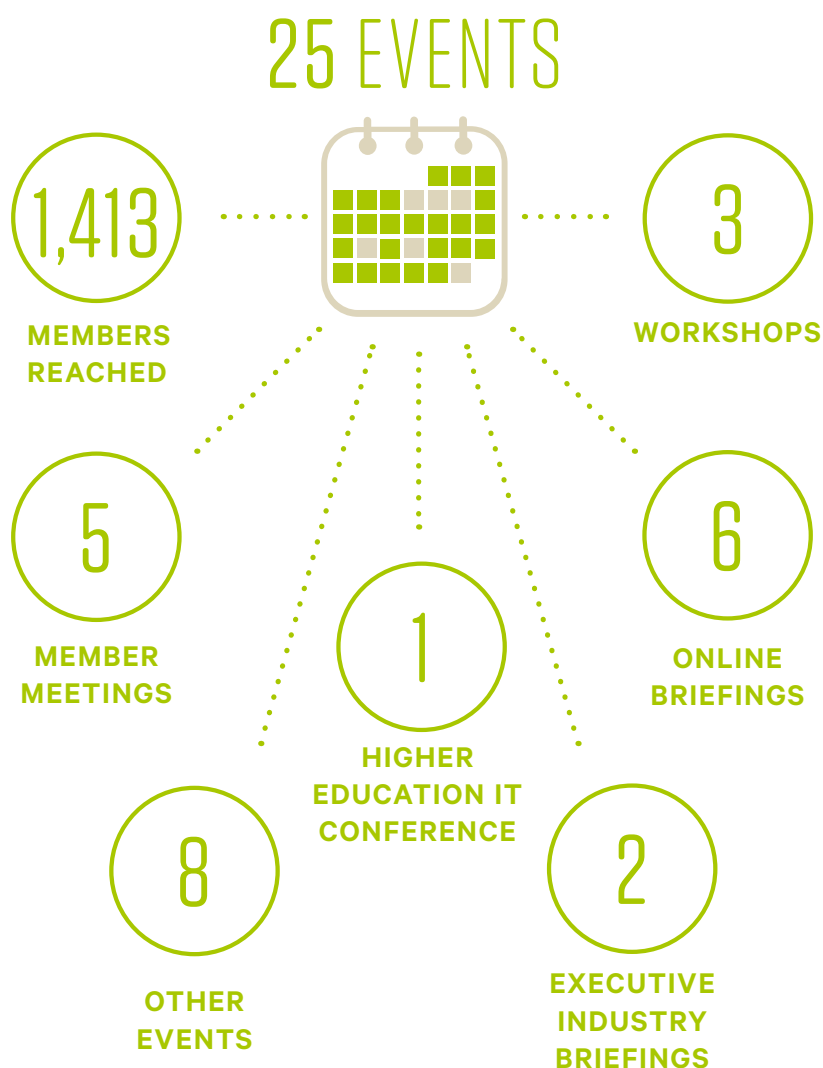
## GOAL

# SUPPORT PEER-TO-PEER RELATIONS AMONG MEMBERS

Our member community is a place where higher education IT professionals can engage with colleagues, contribute their expertise and generally get involved in the broader higher education community.

## RESULTS

We provided our Members with numerous opportunities to connect, learn, network and share ideas with IT leaders from across 25 public, post-secondary institutions.



## MEASURE MEMBER SATISFACTION

In 2015, we began a project to measure and benchmark our member satisfaction, covering our services, operations and events. The survey will help establish a baseline to measure member satisfaction and perceptions over time. Launching in 2015, we plan to openly share the study's findings along with recommendations for improvements with the BCNET Board and member community.

## COMMUNICATING SERVICE DEVELOPMENTS

Our Members asked us to provide continuous updates on new and existing service developments. We created an online service catalogue and digital communications campaign and tracked a 37 per cent response result for our digital campaigns.

# GOVERNANCE



# BOARD OF DIRECTORS

## CHAIR

### Paul Stokes

Chief Information Officer  
University of Victoria

## SECRETARY/TREASURER

### Peter Smailes

Treasurer  
University of British Columbia

## BOARD MEMBERS

### Claire Avison

Assistant Deputy Minister  
Sector Strategy & Quality Assurance  
Ministry of Advanced Education  
Government of British Columbia

### Eileen Bray

Vice President, Administration & Finance  
University of Northern British Columbia

### Ron Burnett

President and Vice-Chancellor  
Emily Carr University of Art + Design

### Jonathan Butt

Manager, IT Services  
College of the Rockies

### Greg Condon

Chief Information Officer,  
University of Northern British Columbia

### Roy Daykin

Vice President, Finance and Administration  
Okanagan College

### Maggie Fung

Chief Information Officer,  
Kwantlen Polytechnic University

### Dr. Stephen Grundy

Vice President, Academic and Provost  
Royal Roads University

### Oliver Grüter-Andrew

Chief Information Officer,  
University of British Columbia

### Dr. Norbert Haunerland

Associate Vice President, Research  
Office of the Vice President, Research  
Simon Fraser University

### Michael Hrybyk

President & CEO,  
BCNET

### Steve Kinsey

Executive Vice President, Sales  
CounterPath

### Stephen Lamb

Chief Information Officer,  
British Columbia Institute of Technology

### Brian Mackay

Associate Vice President &  
Chief Information Officer,  
Information Technology Services  
Thompson Rivers University

### Jag Madan

Chief Information Officer,  
Vancouver Community College

### Ian McLeod

Chief Information Officer,  
Douglas College

### Dr. Michael Miller

Associate Vice President Research  
Department of Research,  
University of Victoria

### Gary Munro

Director, Technology Services &  
Chief Information Officer  
Justice Institute of British Columbia

### Stephen O'Connor

Chief Information Officer,  
Capilano University

### David Schade

Group Leader, Canadian  
Astronomy Data Centre  
Herzberg Institute of Astrophysics,  
National Research Council

### Kevin Walters

Director, Information Technology  
North Island College

# COMMITTEES

## STANDING

### EXECUTIVE

#### Paul Stokes, UVic (Chair)

Greg Condon, UNBC  
Maggie Fung, KPU  
Oliver Grüter-Andrew, UBC  
Dr. Norbert Haunerland, SFU  
Michael Hrybyk, BCNET  
Stephen Lamb, BCIT  
Brian Mackay, TRU  
Ian McLeod, Douglas College  
Peter Smailes, UBC

### FINANCE

#### Peter Smailes, UBC (Chair—Treasurer)

Greg Condon, UNBC  
Dr. Norbert Haunerland, SFU  
Michael Hrybyk, BCNET  
Jeremy Jarvis, BCNET  
Stephen Lamb, BCIT  
Paul Stokes, UVic

### AUDIT AND RISK MANAGEMENT

#### Eileen Bray, UNBC (Chair) Roy

Daykin, Okanagan College  
Dr. Steve Grundy, RRU  
Michael Hrybyk, BCNET  
Steve Kinsey, CounterPath  
Stephen Lamb, BCIT  
Peter Smailes, UBC

### NOMINATING AND GOVERNANCE REVIEW

#### Brian Mackay, TRU (Chair)

Maggie Fung, KPU  
Steve Grundy, RRU  
Michael Hrybyk, BCNET  
Jeremy Jarvis, BCNET (Observer)  
Ian McLeod, Douglas College  
Michael Miller, UVic  
David Schade, NRC

## SERVICES

### COMMUNICATIONS & COLLABORATION SERVICES

#### Stephen Lamb, BCIT (Chair)

#### Tamara Klein, BCNET (Co-chair)

Dean Crawford, BCNET  
Ryan Ebner, Okanagan College  
Michael Hrybyk, BCNET  
Dr. Valerie Irvine, UVic  
Brian Lamb, TRU  
Stephen O'Connor, Capilano University  
Grant Potter, UNBC  
Paul Ripley, RRU  
Gary Rosborough, UBC  
Paul Stokes, UVic  
Kevin Walters, NIC

### ENTERPRISE SYSTEMS SERVICES

#### Maggie Fung, KPU (Chair)

#### Davis Swan, BCNET (Co-chair)

Lorrie Baildham, VIU  
Casey Black, NIC  
Diane Black, NVIT  
Bradley Bowness, CNC  
Cathy Carson, JIBC  
Ryan Ebner, Okanagan College  
Tanya Grier, Camosun College  
Ellis Herbert, KPU  
Dean Hiebert, D.H. Systems Consulting  
Michael Hrybyk, BCNET  
Luc Lang, JIBC  
Kyle Loree, Camosun College  
Anna Machaj, TRU  
Brian Mackay, TRU  
Ian MacKinnon, BCcampus  
Garry Sagert, UVic  
Leo de Sousa, BCIT  
Kevin Stewart, UNBC  
Bill Tucker, TRU

### IT SERVICES

#### Jag Madan, VCC (Chair)

#### Michael Thorson, UBC (Co-chair)

Nav Bassi, UVic  
Chris Brougham, ECUAD  
Wesley Cole, TRU

Dean Crawford, BCNET  
Michael Hrybyk, BCNET  
Piotr Kisiel, Douglas College  
Ron Kozsan, UVic  
Luc Lang, JIBC  
Michael LeBlanc, UBC  
Glen Montgomery, UNBC  
Gary Munro, JIBC  
Randy Raine, SFU  
Corey Scholefield, UVic  
Andy Scott, Douglas College  
Sabrina da Silva, BCIT  
Sandeep Sidhu, SFU  
Sean Walsh, BCIT

### NETWORK SERVICES

#### Greg Condon, UNBC (Chair)

#### Marilyn Hay, BCNET (Co-chair)

Allan Alton, VIU  
Steve Beaudry, RRU  
Jake Block, Okanagan College  
Stefan Cioata, BCIT  
Michael Gregory, SFU  
Michael Hrybyk, BCNET  
George Jones, JIBC  
Ron Kozsan, UVic  
Garth McMillan, NVIT  
Andy Scott, Douglas College  
Sean Wang, UBC  
Mark Wolff, CANARIE

### PROCUREMENT SERVICES

#### Gary Munro, JIBC (Chair)

#### Dean Crawford, BCNET (Co-chair)

Mary Aylesworth, SFU  
Nav Bassi, UVic  
Jonathan Butt, COTR  
Laura Eagen, Okanagan College  
Michael Hrybyk, BCNET  
Janet Lodge, UBC (Observer)  
Michele Kelly, JIBC  
Piotr Kisiel, Douglas College  
Davis Swan, BCNET  
Michael Thorson, UBC

## ADVISORY

### INTEGRATED NETWORK SUPPORT

#### Ian McLeod, Douglas College (Chair)

Allan Alton, VIU  
Jake Block, Okanagan College  
Bradley Bowness, CNC  
Marilyn Hay, BCNET (Staff Observer)  
Darrell Hicks, Selkirk College  
Michael Hrybyk, BCNET  
George Jones, JIBC  
Tamara Klein, BCNET (Staff Observer)  
Ron Kozsan, BCNET  
Clarence Lee, BCNET (Staff Observer)  
Gary Leier, Selkirk College  
Stephen O'Connor, Capilano University  
Jordan Perrey, MAVED (Observer)  
Marijan Sajko, MAVED (Observer)  
Kevin Walters, NIC

### RESEARCH

#### Michael Miller, UVic (Chair)

#### Michael Hrybyk, BCNET (Co-chair)

Lance Bailey, BC Genome Sciences Centre  
Helen Burt, UBC  
Neil Coburn, Selkirk College  
Steve Cundy, UBC  
Trevor Davis, VIU  
Dr. Norbert Haunerland, SFU  
Richard Keeler, UVic  
Calum MacAulay, BC Cancer  
Research Centre  
David Schade, NRC  
Martin Siegert, SFU  
Tim Walzak, Camosun  
Ruth Wittenberg, UFV

### TECHNOLOGY INDUSTRY

#### Steve Kinsey, CounterPath (Chair)

#### Michael Hrybyk, BCNET (Co-chair)

Kegan Adams, Cisco  
John Armstrong, Dell  
Chris Bachalo, Juniper Networks  
Trevor Bremner, Ellucian  
Neil Bunn, Scalar Decisions  
Mat Burke, Microsoft  
Bob Denney, Compugen  
Janet Gregory, Adobe Systems  
Garry Hawkings, Long View Systems  
Martyn Jackson, Dell  
Tamara Klein, BCNET  
Richard Lefebvre, Shaw  
Peter Madden, IBM  
Santosh Nair, IPS Networks  
John Schienbein, Sharp's AV  
Marc Seaman, Microsoft  
Terry Singleton, Palo Alto Networks  
Dave Steeves, Steeves and Associates  
Penny Swords, Newcomp  
Bill Tam, BCTIA

# PARTNERS

## 2015/2016 INDUSTRY PARTNERS

### PLATINUM

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Microsoft



Long View



### GOLD

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### SILVER

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### BRONZE

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# FINANCIAL HIGHLIGHTS AND STATEMENTS

FOR THE YEAR ENDED  
MARCH 31, 2015



## FINANCIAL HIGHLIGHTS AN OVERVIEW OF THE YEAR

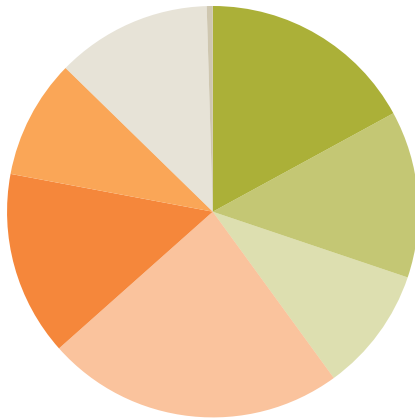
In 2012, we expanded our membership to include all public, post-secondary institutions. We also added a portfolio of shared services to our traditional Network Services. This year, we have continued to connect new Members to the BCNET Network, and to expand our service offerings in shared services, procurements and enterprise systems. This has been reflected in an 11 per cent (\$600,000) increase in total revenues to \$5.9 million, with an additional \$4.75 million in flow through services for Members.

The network connections of the expanded membership have contributed \$200,000 of additional Network Service revenue. Our Network Services still account for 53 per cent of revenues and 48 per cent of direct costs. Additional staff members have been recruited to manage the new services and, overall, BCNET generated a small surplus of \$150,000 (2.5 per cent of revenue) this fiscal year.

BCNET has a healthy Statement of Financial Position. The flow through services, which are billed but not paid at the year-end, have increased both the prepaid expenses and accounts payable balances by \$3.2 million. The excess cash on hand at March 31, 2015 is reflective of our policy of pre-billing services to Members at the beginning of the fiscal year. BCNET has capital assets with a book value of \$7.5 million, the majority of which has been invested in fibre with a current market value considerably in excess of its book value.

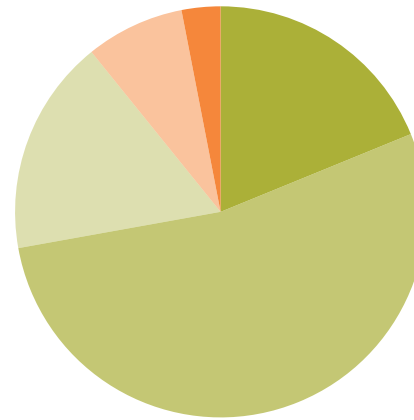
The Board has approved reserves of \$1 million that have been set aside for future network enhancements and to act as a risk contingency.

Over the next year, BCNET expects to continue a managed growth strategy, with revenues increasing by 4 per cent and a balanced budget.



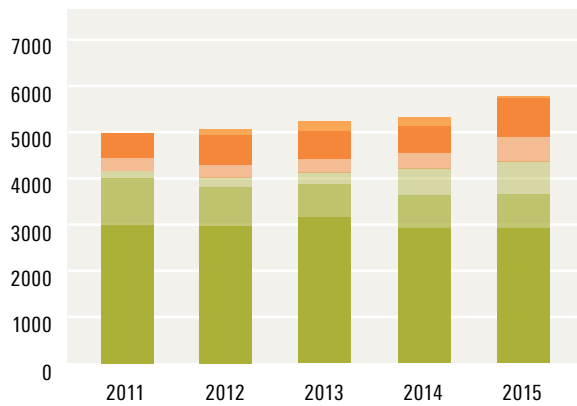
#### EXPENDITURES *Per cent*

Network Connections	17
Internet Transit	13
Equipment	10
Network Management & Operations	23
Office & Admin	15
Marketing & Communications	9
Applications & Shared Services	12
Other	1



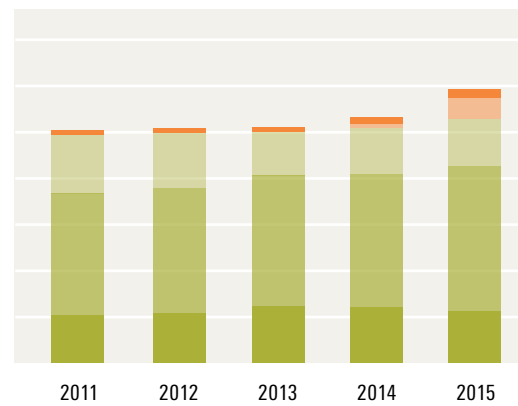
#### REVENUES *Per cent*

Government Grants	19
Network Services	53
Transit	17
Shared Services	8
Other	3



#### EXPENDITURE TRENDS *Dollars in thousands*

Network
Transit
Applications & Shared Services
Marketing
Office & Admin
Other



#### REVENUE TRENDS *Dollars in thousands*

Grants
Network Services
Transit
Shared Services
Other

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## Management's Responsibility for Financial Reporting

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The financial statements and the information contained in the annual report are the responsibility of the management of BCNET. The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The financial statements include, where appropriate, estimates based on the best judgment of management. Financial and operating data elsewhere in the annual report is consistent with that contained in the accompanying financial statements.

As part of its responsibilities, BCNET maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that BCNET's assets are appropriately accounted for and adequately safeguarded.

The Board of BCNET carries out its responsibilities with regard to the financial statements mainly through its Audit and Risk Management Committee (the "Committee"). The Committee reviews the annual financial statements and other information contained in the annual report and recommends them to the Board for approval. The Committee meets periodically with management and external auditors. Following these meetings, the Committee meets privately with the auditors to ensure free and open discussion of any subject the Committee or the auditors wish to pursue. The Committee also recommends the engagement or re-appointment of the external auditors, review of scope of audit and approves the fees of the external auditors for audit and non-audit services.

The financial statements, audited by BDO Canada LLP, have been approved by the Board, on the recommendation of the Audit and Risk Management Committee.

Signed by:

  
\_\_\_\_\_  
Board Chair

  
\_\_\_\_\_  
Chief Financial Officer

Date: June 23, 2015



Tel: 604 688 5421  
Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

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## Independent Auditor's Report

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### To the Members of BCNET

We have audited the accompanying financial statements of BCNET (the "Corporation"), which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2015, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants

Vancouver, British Columbia  
June 23, 2015

# STATEMENT OF FINANCIAL POSITION

## MARCH 31

	2015	2014
<b>ASSETS</b>		
Current		
Cash and cash equivalents (Note 2)	3,193,679	1,520,163
Accounts receivable	3,559,439	797,607
Government remittances receivable	-	39,689
Prepaid expenses	3,581,092	3,177,325
	<b>10,334,210</b>	<b>5,534,784</b>
Prepaid expenses	343,859	70,063
Capital assets (note 3)	7,502,924	6,466,941
	<b>18,180,993</b>	<b>12,071,788</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current		
Accounts payable and accrued liabilities	4,956,632	353,873
Government remittances payable	311,312	37,964
Current portion of long-term debt (note 4)	106,035	101,419
	<b>5,373,979</b>	<b>493,256</b>
Long-term debt (note 4)	347,944	453,979
Deferred grants (note 5)	4,724,312	3,982,493
Deferred revenues (note 6)	4,148,267	3,908,267
	<b>14,594,502</b>	<b>8,837,995</b>
Net assets	3,586,491	3,233,793
	<b>18,180,993</b>	<b>12,071,788</b>

Related party transaction (note 9)  
 Commitments (note 10)  
 Contingency (note 11)

Approved by:

 DIRECTOR

 DIRECTOR

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31

	2015	2014
<b>REVENUES</b>		
Network services - core members	1,876,579	1,876,580
Network services - non-core members and affiliates	1,274,345	1,064,268
Transit	922,810	904,740
Grants	1,112,925	1,195,821
IT procurement and services	459,001	97,986
Partner and sponsor	142,500	95,000
Interest	27,081	30,319
Installations	86,461	42,079
	<b>5,901,702</b>	<b>5,306,793</b>
<b>ENTERPRISE SYSTEM SERVICES - FLOW THROUGH</b>		
Revenues	4,747,130	56,820
Expenses	(4,747,755)	(55,494)
	<b>(625)</b>	<b>1,326</b>
<b>EXPENSES (SCHEDULE)</b>		
Cost of services delivery	2,156,687	1,864,740
Staffing	1,948,200	1,607,867
Equipment and software	1,030,611	1,274,367
Operating expenses	614,466	525,357
	<b>5,749,964</b>	<b>5,272,331</b>
	<b>151,113</b>	<b>35,788</b>
<b>OTHER ITEM</b>		
Contingency recovery (note 8)	201,585	-
<b>Excess of revenues over expenses</b>	<b>352,698</b>	<b>35,788</b>

The accompanying notes are an integral part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31

	INVESTED IN CAPITAL ASSETS (NOTE 7)	INTERNALLY RESTRICTED (NOTE 8)	UNRESTRICTED	TOTAL
<b>NET ASSETS, April 1, 2014</b>	2,688,300	954,879	(409,386)	3,233,793
Excess (deficiency) of revenues over expenses for the year	(669,427)	201,585	820,540	352,698
Internally funded acquisition of capital assets	1,158,220	-	(1,158,220)	-
Debt repayment	101,419	-	(101,419)	-
<b>Net assets, March 31, 2015</b>	<b>3,278,512</b>	<b>1,156,464</b>	<b>(848,485)</b>	<b>3,586,491</b>

	INVESTED IN CAPITAL ASSETS (NOTE 7)	INTERNALLY RESTRICTED (NOTE 8)	UNRESTRICTED	TOTAL
<b>NET ASSETS, April 1, 2013</b>	2,966,903	866,008	(634,906)	3,198,005
Excess (deficiency) of revenues over expenses for the year	(808,947)	(111,129)	955,864	35,788
Internally restricted funds	-	200,000	(200,000)	-
Internally funded acquisition of capital assets	433,339	-	(433,339)	-
Debt repayment	97,005	-	(97,005)	-
<b>Net assets, March 31, 2014</b>	<b>2,688,300</b>	<b>954, 879</b>	<b>(409, 386)</b>	<b>3,233,793</b>

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31

	2015	2014
Cash provided by (used in)		
<b>OPERATING ACTIVITIES</b>		
Cash received from clients	4,541,869	2,275,212
Cash received from shared services and flow-through services	2,222,743	3,608,513
Cash paid for transit and circuits	(1,224,143)	(1,332,575)
Cash paid for hardware and software maintenance	(817,352)	(559,987)
Cash paid for shared services and flow-through services	(1,752,666)	(3,226,492)
Cash paid for staffing	(1,075,895)	(1,532,060)
Cash received (paid) from operations	23,047	(540, 211)
Cash received from sponsors	252,420	129,000
Interest received (paid)	8,416	(3,161)
	<b>2,178,439</b>	<b>(1,181,761)</b>
<b>FINANCING ACTIVITIES</b>		
Cash received from grants	1,854,743	950,925
Loan repayment	(101,419)	(97,005)
	<b>1,753,324</b>	<b>853,920</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fibre	(1,779,750)	(27,500)
Purchase of capital equipment	(478, 497)	(1,257,569)
	<b>(2,258, 247)</b>	<b>(1,285,069)</b>
Cash and cash equivalents movement for the year	1,673,516	(1,612,910)
Cash and cash equivalents, beginning of year	1,520,163	3,133,073
<b>Cash and cash equivalents, end of year</b>	<b>3,193,679</b>	<b>1,520,163</b>
Cash and cash equivalents consist of:		
Cash in bank	2,536,454	527,754
Temporary investments	657,225	992,409
	<b>3,193,679</b>	<b>1,520, 163</b>

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2015

### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Nature and Purpose of the Organization

BCNET’s purpose is to provide its members in the education and research community in British Columbia with cost-effective shared solutions that place them at the forefront of information and communication technology innovation.

BCNET Networking Society was incorporated under the British Columbia Society Act on July 31, 1995 as a not-for-profit organization. BCNET (the “Corporation”) was federally incorporated under Part II of the Canada Corporations Act by Letters Patent dated September 29, 2005, and acquired all the assets and liabilities of its predecessor organization BCNET Networking Society as of April 1, 2006. Effective June 28, 2013 BCNET continued under Section 211 of the Canada Not-for-profit Corporations Act.

BCNET is a tax-exempt body under Section 149 of the Income Tax Act.

#### (b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (“ASNPO”).

#### (c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of the amounts held in the Corporation’s bank accounts and mutual funds that are readily convertible to cash.

#### (d) Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is provided annually on a straight- line basis. Capital assets not in service are not amortized.

Estimated useful lives are as follows:

Fibre	10–20 years
General Components	3–5 years

The Corporation reviews its capital assets for impairment. An impairment loss is recognized for capital assets whenever events or changes in circumstances indicate a tangible capital asset no longer contributes to the Corporation’s ability to provide services. The impairment loss is calculated as the difference between carrying amount and the residual value. The amount of the writedown is recognized as an impairment loss in net income.

#### (e) Leased Assets

Prepaid leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of capital asset. The asset is amortized in a manner consistent with capital assets owned by the Corporation. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

#### (f) Revenue Recognition

Revenue from the provision of services, including installments, is recorded as the services are performed.

The Corporation follows the deferral method of accounting for revenues and grants. Restricted funds are recognized as revenue in the year in which related expenses are incurred. Unrestricted revenues and grants are recognized as revenue when received or receivable.

Deferred grants for capital acquisitions are recognized as revenue on the same basis as the acquired assets are amortized.

“Transit” is the Internet traffic purchased by BCNET from internet providers on behalf of its clients.

“Network fees” is the dedicated circuits space rented between BCNET clients and the transit exchanges over which network services delivered.

“Enterprise System Services-Flow Through” are enterprise software services purchased by BCNET on behalf of members.

#### (g) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management’s best estimates as additional information becomes available in the future.

#### (h) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market as well as bonds and guaranteed investment certificates are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized to the financial instrument for those measured at amortized cost. All of the Corporation’s financial instruments are recorded at amortized cost.

## 2. CASH AND CASH EQUIVALENTS

The Corporation's cash and cash equivalents are held at one chartered bank in the form of cash and mutual funds. The bank account earns interest at market rates.

## 3. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	2015 NET BOOK VALUE	2014 NET BOOK VALUE
Capital Assets, General Components	5,592, 891	3,776,186	1,816,705	2,092,180
Fibre	12,036,252	7,066,189	4,970,063	3,512,546
Fibre Option	716,156	-	716,156	862,215
	<b>18,345,299</b>	<b>10,842,375</b>	<b>7,502,924</b>	<b>6,466,941</b>

"Fibre" refers to certain fibre circuits connecting member organizations that have been purchased or acquired through Indefeasible Right of Use (IRU) and lease agreements.

The Corporation has entered into fibre agreements for periods of between ten and twenty years for the use of IRU Fibres to service its members. The Corporation is amortizing these costs over the term of the agreements.

In 2014, the Corporation transferred fibre valued at \$2.5 million to a third party in exchange for:

- an IRU to access a portion the fibre transferred; and
- a fibre option to access an additional 350 strand kilometres of fibre and the commitment to connect specified members to the additional fibre.

The transaction was measured at the fair value of the fibre transferred which approximates the fair value of the assets received.

As at March 31, 2015, the Corporation has \$2,609,465 (2014—\$862,215) in capital assets not in service and not amortized.

# NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2015

### 4. LONG-TERM DEBT

Loan advanced from University of Victoria repayable in semi-annual installments of \$62,642 including interest of 4.5% per annum, maturing March 31, 2019 with a provision to pay down without penalty.

	2015	2014
	453,979	555,398
Less current portion	106,035	101,419
	347,944	453,979

The aggregate amount of principal payments required in each of the next five years on the above indebtedness is as follows:

YEAR	AMOUNT
2016	106,035
2017	110,860
2018	115,905
2019	121,179
	453,979

### 5. DEFERRED GRANTS

The deferred grants are restricted for the development and support of the Optical Regional Advanced Network.

	2015	2014
CANARIE	2,879,589	1,791,956
Ministry of Advanced Education	1,844,723	2,190,537
	4,724,312	3,982,493

### 6. DEFERRED REVENUES

These funds are restricted for specific purposes and will be amortized into income as expenses are incurred or as services are provided.

	2015	2014
CANARIE	66,300	77,340
Service contracts	3,517,998	3,319,042
Conferences & member services	498,441	419,106
Software customization	65,528	92,779
	4,148,267	3,908,267

### 7. INVESTED IN CAPITAL ASSETS

The Corporation's investment in capital assets is funded either through grants received from CANARIE, the Ministry of Advanced Education, long-term debt or internally from revenues generated by the Corporation. The unamortized balance of those assets that are funded internally is segregated to reflect the funds committed to cover their future amortization expense.

(a) Investment in capital assets is calculated as follows:

	2015	2014
Capital Assets	7,502,923	6,466,941
Amounts financed by:		
Unamortized deferred capital grants	(3,770,432)	(3,223,243)
Debt	(453,979)	(555,398)
	3,278,512	2,688,300

(b) Excess of revenue over expenses

	2015	2014
Amortization of deferred capital grants	515,025	561,303
Less amortization of capital assets	(1,184,452)	(1,370,250)
	(669,427)	(808,947)

(c) Net change in investment in capital assets

	2015	2014
Capital asset additions	2,220,433	3,124,771
Capital asset disposals	-	(2,540,507)
Deferred capital grants received	1,062,213	(150,925)
	1,158,220	433,339

## 8. INTERNALLY RESTRICTED NET ASSETS

On March 31, 2007, an allocation of \$1,000,000 was made by the Board for risk contingencies and future network enhancements. In 2014, the Board approved the transfer of an additional \$200,000 into the fund during the current year. To date, \$260,121 (2014—\$245,121) of the internally restricted funds have been used on approved expenditures of which, \$201,585 has been recovered in the current year (2014—\$nil).

## 9. RELATED PARTY TRANSACTIONS

During the year, the Corporation entered into the following transactions with its members:

	2015	2014
Service revenue	4,093,250	3,370,683
Enterprise system services revenue	4,747,130	3,622,226
Fees paid to members	1,601,018	1,218,683

On April 1, 2009 the Corporation received a term loan from a member. In the current year term loan principle and interest payments totaling \$125,284 (2014—\$125,284) were made to a member.

As at March 31, 2015, the Corporation had balances due to and from members as follows:

	2015	2014
Due from members	3,301,520	383,857
Due to members	1,114,293	29,000

These transactions are in the normal course of operations and are measured at the fair market value established and agreed to by the related parties.

## 10. COMMITMENTS

The Corporation has operating obligations totaling \$1,720,041 that extend to August 2031.

The annual payments due for the next five years and thereafter are as follows:

2016	657,516
2017	353,738
2018	262,510
2019	99,585
2020	67,318
Thereafter	297,374
	1,720,041

## 11. CONTINGENCIES

In April 2014, BCNET filed an appeal to the British Columbia Court of Appeal from a decision made by a Judge of the BC Supreme Court regarding a dispute with a provider regarding the extension of an IRU on certain fibres. The appeal was heard in January 2015. No ruling on this appeal has been made and as the estimated liability, if any, cannot be reasonably estimated at this time, no liabilities have been recorded.

## 12. FINANCIAL INSTRUMENT RISK

### (a) CREDIT RISK

Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to significant concentrations of credit risk consist primarily of cash and cash equivalents and account receivable. The Corporation limits its exposure to credit risk by placing its cash and cash equivalents with high credit quality investments. The Corporation's exposure to credit risk with respect to its accounts receivable is low as all receivables are from government sources and member organizations.

### (b) FOREIGN EXCHANGE RISK

Foreign exchange risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign exchange risk through its transactions with U.S. entities. The Corporation limits its exposure to foreign exchange risk by entering into forward derivative contracts on all significant purchases made in U.S. dollars.

### (c) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash and cash equivalents and long term debt are as disclosed in Note 2 & 4.

### (d) LIQUIDITY RISK

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

## SCHEDULE-EXPENSES FOR THE YEAR ENDED MARCH 31

	2015	2014
<b>COST OF SERVICES</b>		
Circuit costs	897,756	783,479
Inter-city connections	85,469	100,469
IT projects	80,581	56,477
IT Procurement and services	336,644	209,610
Transit	756,237	714,705
	<b>2,156,687</b>	<b>1,864,740</b>
<b>STAFFING</b>		
Administration	100,302	88,486
Client services	93,303	81,474
Communications	118,985	98,768
Consulting	116,541	80,386
Co-op students	75,009	46,592
Enterprise Systems	100,184	-
IT and applications support	160,922	153,957
Management	189,166	188,854
Shared services	107,100	107,131
Technical services	886,688	762,219
	<b>1,948,200</b>	<b>1,607,867</b>
<b>EQUIPMENT &amp; SOFTWARE</b>		
Amortization	565,569	736,825
Repairs and Maintenance	465,042	537,542
	<b>1,030,611</b>	<b>1,274,367</b>
<b>OPERATING EXPENSES</b>		
Audit	18,000	16,000
Bad debts	(2,638)	2,894
Communications	234,817	151,391
Insurance	22,071	21,454
Interest	23,865	28,279
Legal fees	87,955	141,101
Miscellaneous	2,770	2,810
Office	60,707	29,610
Rent	70,334	48,360
Travel and meetings	96,585	83,458
<b>TOTAL EXPENSES</b>	<b>614,466</b>	<b>525,357</b>







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