

## Chapter 4.25

# E–Government, Service Transformation, and Procurement Reform in Canada

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### INTRODUCTION<sup>1</sup>

New organizational arrangements are required to underpin emerging public sector service transformation initiatives with a substantial electronic government (e-government) dimension. These arrangements are both internal to government, involving new collaborative relationships among service delivery agencies and reform of procurement processes, and external, involving the formation and management of strategic relationships between private sector information technology (IT) vendors and public service providers.

This article explores the relational context of service transformation by first examining some current initiatives in Canada—at both provincial and federal levels. These case studies reveal the nexus between digital technologies, internal organizational change, and public–private sector

interactions. They also reveal the emergence of new collaborative mechanisms between both sectors, especially in the initial phase of relationships where the IT-enabled service transformation is being mutually defined.

This heightened level of collaboration also represents a significant departure from traditional government procurement models—where inputs are defined by public authorities and then secured in the marketplace from qualified vendors. E-government—and service transformation initiatives in particular—are consequently driving a rethinking of the role and purpose of procurement mechanisms in an increasingly digital and interdependent environment.

Many political and administrative quandaries remain, however, as governments struggle to achieve a balance between traditional public interest principles such as probity, transparency,

and accountability, and the rising importance of strategic collaboration. Building on the case studies and a review of current efforts at procurement reform, this article offers an assessment of how this interrelationship between service transformation and public-private collaboration is likely to shape future e-government-based service transformation efforts in Canada.

## **SERVICE TRANSFORMATION AND COLLABORATION**

As more citizens have flocked to the Internet for online services in areas such as banking and retail shopping, governments have begun to identify parallel opportunities for the application of online services in the public sector. Initially, the impetus for utilizing online channels to deliver information and services was couched in terms of financial savings: many business models were developed by government officials and consultants demonstrating the savings accorded to online methods of service delivery versus more traditional channels such as face-to-face facilities or telephone call centres.

Most of these initial models proved to be wildly optimistic due to forecasts predicated on massive transaction cost savings from Internet communication (relative to paper and telephone) or strong, short-term growth in demand for online services, relative to other channels (Roy, 2003). Nonetheless, new organizational and technological models for delivering services both online and via more traditional channels are taking hold—and beginning to generate encouraging results.

One of the most widely recognized examples of a unique service transformation involving the internal integration of government services and the establishment of a public-private partnership is that of Service New Brunswick (SNB). SNB is a crown corporation of the provincial government that has a dual role: to provide the people and business owners of New Brunswick with the

greatest ease and access to government services, and to maintain authoritative public information through its three registries (real and personal property and corporate affairs).

SNB has been aggressively making use of its autonomy as a crown corporation (in comparison to a traditional line department) to forge collaborative relationships with industry. Central to its citizen-centric mission is the formation of “gBiz” in partnership with CGI (a Canadian technology solutions provider), a comprehensive and integrated framework for transactional service delivery. The company and the government shared in the financing of the development of this system, much as it is now sharing the revenues from licensing arrangements between CGI and other governments in Canada and elsewhere.<sup>2</sup> SNB now conducts more than 40% of its transactional business online and it is expanding into a variety of other collaborative projects with companies designed to jointly develop solutions for New Brunswick that can be marketed and sold elsewhere.

One notable model in the United States is New York City’s NYC Serv Epayment Project that is indicative of the parameters of a service-delivery architecture predicated on more citizen-centric services using a range of integrated channels:

*The NYC Serv application streamlines and integrates three key business processes for the city of New York—processing payments, conducting adjudication hearings, and tracking towed vehicles. It has four separate revenue channels: walk-in payment centers, Internet, interactive voice response (IVR) and kiosks. The system processes 1.9 million receipts for a total of over \$6 billion in 2003. ... It was developed by an integrated team of approximately 20 per cent Finance Department staff and 80 per cent IBM staff.<sup>3</sup>*

These examples are exciting and provocative, but in general, such fundamental electronically based service transformations have been problem-

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