

# Reality

## Blue ribbon panel on government IT



Steve Tudor



Hicham Adra



Reg Alcock

In February, *Summit* assembled a panel of experts to discuss the challenges and opportunities governments face when they purchase information technology. Steve Tudor, a partner with IBM Business Consulting Services has extensive experience in public sector IT procurement. Hicham Adra is a senior vice-president of CGI with responsibility for that company's Ottawa operations. Reg Alcock, MP for Winnipeg South has a deep interest and wide experience in high technology.

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#### Is public sector procurement flexible enough to get the tools people need?

#### Reg

If you talk to some of the people in procurement, they will say, "We are really good at procuring the kinds of things we've been procuring since 1844. If we want to procure something that is constructed, we can do that relatively efficiently, relatively effectively and drive costs down. And if you want us to procure things that are more complicated, certainly in this area of emerging technologies and things that nobody has really figured out, then the systems fall apart."

#### Hicham

Within the existing regime there are some good principles that we could build in to more and more procurements. These would be things like an integrated team between the client and the private sector

to give you some flexibility, which you could build into the contract, things like benefit driven procurement with a focus on outcomes and results, and less on taking two or three years to specify a solution. So I think more focus should be on the "what" and less on the "how."

#### Steve

I take a bit of a contrary view. I think the system has the flexibility; I just don't think it is exercised that often.

#### Reg

I disagree with you.

#### Steve

I have seen contracts such as MASIS [a Department of National Defence contract], which happens to be an IBM contract, be very successful and relatively flexible. I think you would find both sides believe that to be true. It was touted as the first benefits driven procurement, and it was and is very flexible. It was very much "propose a solution, but we realize that

over the time you are doing it, the solution must also evolve."

#### Hicham

EICS [Export and Import Control System, Department of Foreign Affairs and International Trade] was another example where you started off early – even defining the requirements, the business cases and so on. You start off early and you're not locked into having presupposed a business case or assigned all the risk on one side or the other.

#### Reg

Why then do 74 percent of IT procurements over \$10 million fail?

#### Steve

I think they fail in the private sector, too. They're just not reported.

#### Reg

They do, that is absolutely right. Not quite at the same level, but they do. I think it has to do with more than procurement,

frankly. If you think of the problem of building systems, going back a decade, a lot of them seemed to come out of the methods we had for writing code at a time when the code was a lot less flexible. We didn't move until we had everything described. That system was very cumbersome for actually bringing big systems online but it fit well with the way government likes to think about doing things.

**Steve**

I think 10 years ago there was a great propensity to try to build the world's best system. I think we have learned in the intervening years that the very things making that a failure were all around trying to spec for the 100 percent solution. I think we've gotten away from that and, as part of the comment on flexibility, I don't think necessarily all procurements start out with the opinion that "I can buy things that look like what I want." They still tend to start, in some cases, from a premise of "I really want something that looks like something nobody makes."

**Reg**

Or, "I'm so special and unique, it couldn't possibly be modified off the shelf."

**Steve**

Right, and government has tended to do that a fair amount. This isn't a criticism of government; I think even companies like IBM have tended to do this. People build things in their own image.

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**If it is done right, how will IT transform the citizen's view of, and dealings with, government in the next 10 years?**

**Hicham**

Obviously society itself will set the pace, and a lot of the successes and leadership in the public sector will determine the ultimate success. IT will be a factor. Things that we can look forward to include improved services, better service, more efficiency around services, and services designed to meet the needs of the citizen

and the business, in the sense that the government will empower citizens to navigate the value chain by their needs, not by government structure.

**Steve**

How do we reduce the cost of things that every government department does? They tried this once, and it was batted away, but I'm convinced that a consistent straight migration to more off-the-shelf products will come back on the agenda again and again, just because it makes a lot of sense – I can also see it happening based on the fact that industry is going more and more to open systems.

**Hicham**

Do you think it is also possible to say that the cost of administration will become a smaller percentage relative to the program? I think that could be a factor in how fast this moves.

**Steve**

Well, that's the dream, isn't it? I think if you look at certain unnamed departments, where the cost of administering the clientele they administer is almost equal to the dollars they dole out in the program, there is obviously a concern. You have to reduce that administrative budget, and there are only a few risk-free ways to do that.

**Reg**

Government doesn't have the vision at all. This is a huge challenge for democratically elected governments. They're all having trouble because it challenges the very nature of the way power is distributed within government. If you want to reform procurement, then part of the problem is an incredibly onerous set of rules that ride around it because of the public's lack of trust of government, and the rules-based system that we have used to address public cynicism about what government is and how it works. I really do believe if you break the monopolies and walls that exist within government and make government more transparent and more comprehensible to people, you will build public trust.

**Hicham**

Another important point when you start to implement systems – how do you get the value out of what you're doing?

This is not necessarily a major change in terms of expenditure, but it's important in terms of looking at the ownership of the business processes, whether within different branches of a department or across other departments. So while this might not be a big area for spending, in my mind, the key is to unlock the value of IT as an enabler. Beyond 2003, I think we will start looking at the business processes themselves – partnerships, alternative service delivery (ASD) and outsourcing. This would be not only around IT itself, infrastructure, applications and networks, but even around the business process itself, be it the back end or the front end.

**Steve**

I think we will continue to see large expenditures on trying to renew the technical infrastructure of departments because a lot of it is still not that up-to-date. And, while I think there will be a lot of noise about it, I'm not sure how important expenditures around the security agenda will be in the next several years. And that, unfortunately, has a very fickle audience.

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**Does government have the ability to actually implement forward-looking IT solutions?**

**Steve**

What has happened is a gradual "coring out" of the workforce. In terms of renewing both the people and the ways that things are done, everybody is reluctant to make change. As a consequence, I think what has happened in a lot of procurements is that the error has been on the safe side. So, "I will procure this thing this way because that has worked 27 times before."

**Reg**

I think you're absolutely right. I think that is the quintessential problem of public management. You have huge penalties for taking action and few penalties for not taking action and risk. I think the public still sees a great deal of uncertainty and fear.

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### Do we need a process that clearly demonstrates the benefits of transformation?

#### Reg

I think public management is broken right now. I think we are on the verge of one of these transformational changes where at some point we are just going to have to bite our lower lip and make a series of changes. It's the old saying "can't cross a chasm in two steps." The systems that Hicham and Steve have built on the outside work well, and people have got a sense of the values in their personal lives. Government just appears increasingly stupid.

#### Hicham

Our society is under a lot of pressure, demographics being one of them, along with the environment, security and so on.

I think there is recognition that our industry is part of the solution, and there are great examples of collaborations and partnerships. The problem is to build enough experience with those examples, then to be able to build on them and make them institutional. There are things that are possible within the current system and there are things that will be enabled by "crossing a chasm." But we shouldn't give up on what exists right now. We should take that to its ultimate potential.

#### Reg

I think we will continue to have the problems that we are having until we build the kind of public understanding and acceptance of the value to them of the changes. Some of these projects are going to fail, not because of the technology but because of the weight of some of the nonsense surrounding things right now. It is

the reformulation not of technical issues but public policy issues that is necessary.

#### Hicham

Some organizations are dealing with that issue by looking at whether they need to be in the IT business. To that extent, we should step back a bit and say, "What should government focus on, what are the key priorities, and how do I enter into partnerships?" This is not so much on a project level but even on a line of business level, joint venture or ASD level.

#### Steve

Somehow we need fewer people doing the work. They will be people with less experience: so we have to figure out a way to get them into some kind of knowledge management, so they can do what older people do from experience. Some of us want to retire! ☺☺☺



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