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Managing Service Transformation Relationships Between Government and Industry: Developing Best Practices

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IPAC/IAPC
1075, rue Bay Street,
Suite/bureau 401
Toronto, Ontario
M5S 2B1 CANADA

Tel/tél : 416.924.8787
Fax/télécopieur : 416.924.4992
E-mail:/courriel: ntl@ipac.ca - ntl@iapc.ca
Website: www.ipac.ca - www.iapc.ca

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New Directions – Number 17

Managing Service Transformation Relationships Between Government and Industry: Developing Best Practices

Patrice Dutil, *IPAC-IAPC*
John Langford, *University of Victoria*
Jeff Roy, *University of Ottawa*

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TABLE OF CONTENT

EXECUTIVE SUMMARY

This collection of case studies is designed to further a dialogue on best practices in the creation and management of service transformation relationships between public service providers and private information and communications technology firms. This dialogue began at a plenary session of Lac Carling 2004, an annual gathering of senior public service providers at all three levels of government and firms and consultants in the business of providing information and communication technology (ICT) systems, software and advice.

This session generated support for a research project designed to examine a number of cases in which there was anecdotal evidence of good practices in the creation and maintenance of relationships between public service providers and IT firms. This led to the establishment of a study team funded by the Information Technology Association of Canada (ITAC) and the Office of the Corporate Chief Information Officer of the Government of Ontario.

The result of this research work by the study team is this collection of seven case studies (written in Spring 2005) and a set of 20 "steps" which capture the key successful relationship building practices illustrated in the case studies. The case studies and the steps were the subject of a further successful plenary session at Lac Carling 2005.[1] The discussion at this session and the levels of support expressed for the steps provide further support for the importance of a number of the steps and suggest ways in which further research on best practices in this area could be more narrowly focused.

[1] For information on Lac Carling 2005 see: http://www.laccarling.ca

SOMMAIRE EXÉCUTIF

Cette collection d'études de cas est conçue afin de poursuivre un dialogue sur les meilleures pratiques dans la création et la gestion des rapports traitant de la transformation des services entre les fournisseurs publics et les compagnies privées de la technologie de l'information et des communications. Ce dialogue a commencé lors d'une séance plénière de Lac Carling 2004, une assemblée annuelle de fournisseurs cadres supérieurs des trois paliers de gouvernement, de compagnies et de consultants qui fournissent des systèmes, logiciels et conseils dans le domaine de la technologie de l'information et des communications (TIC).

Cette séance a suscité un appui pour un projet de recherche visant à examiner plusieurs cas attestant de bonnes pratiques dans l'établissement et l'entretien des rapports entre les fournisseurs publics et les compagnies de la TI. Il en a découlé la création d'une équipe d'étude sous l'appui financier de l'Association canadienne de la technologie de l'information (ACTI) et du Bureau du directeur général de l'information pour la fonction publique du gouvernement de l'Ontario.

Les travaux de recherche de l'équipe d'étude ont abouti à cette collection de sept études de cas (rédigées au printemps 2005) et d'un ensemble de 20 « étapes » qui reprennent les pratiques clés illustrées dans les études de cas pour expliquer comment bâtir avec succès des relations. Les études de cas et les étapes à suivre ont fait l'objet d'une autre séance plénière productive à Lac Carling 2005.[1] Les discussions amorcées lors de cette séance ainsi que le degré d'appui exprimé pour les étapes soulignent une fois de plus l'importance de nombre de ces étapes et proposent des façons d'orienter plus étroitement de nouvelles recherches sur les pratiques exemplaires dans ce domaine.

[1] Pour plus d'information sur Lac Carling 2005, voir : http//www.laccarling.ca

Abstract

Fondé sur une étude de sept cas tirés du Gouvernement du Canada, des provinces et des municipalitiés, ce rapport fait état des pratiques qui ont mené à une collaboration gagnante entre les secteurs publics et privés. L'étude se conclue en proposant vingt étapes essentielles à la "collaboration durable."

Based on the study of seven cases drawn from the Government of Canada, provinces and municipalities, this study examines the conditions of successful collaborations between the public and private sectors. It proposes 20 steps to attain "sustainable collaboration".

AUTHOR INFORMATION

Patrice Dutil

Patrice Dutil is Director of Research at the Institute of Public Administration of Canada. He joined IPAC in 1999, after working for 13 years in a variety of capacities in the Ontario Ministry of Intergovernmental Affairs and TVOntario. He holds a Ph.D. from York University. He is the author of books, articles and book chapters, and the founder of "The Literary Review of Canada".

John Langford

John Langford is a professor in the School of Public Administration at the University of Victoria. Dr. Langford has worked for or advised governments in Canada, Europe and the Asia-Pacific region. He was a member of the B.C. Budget Process Review Panel in 1999, and advised the Auditor General of B.C. on proposed revisions to the AG Act in 2000. He was a chief federal negotiator in the B.C. treaty process from 1993-2002. He is the author or editor of several books, articles, book chapters, and reports including, most recently, the volume New Players, Partners and Processes: a Public Sector Without Boundaries? He is presently doing research and writing on public-private partnerships and e-government.

Jeffrey Roy

Jeffrey Roy is associate professor in the School of Management at the University of Ottawa and currently, a visiting faculty member of the School of Public Administration at the University of Victoria. He researches, teaches and writes on democratic and multi-stakeholder governance and electronic government reforms. In addition, he has designed professional development seminars for officials from all government levels. He is a member of the OECD's E-Government Network, associate editor of the International Journal of E-Government Research, and a regular contributor to *CIO Government Review.*

INTRODUCTION

The issue of relationships between ICT vendors and public service providers has grown in importance in recent years as governments have increasingly turned to ICT firms to assist them in transforming their services to the public. While there has been little published research specifically on service transformation relationships, there has been considerably more work conducted on the wider issue of governments partnering with ICT firms to create and maintain sophisticated computer hardware and software systems, build information management systems and generally establish the framework for e-government. Much of this work examines these relationships from the government perspective, draws heavily on published reports by auditors general and others on spectacular outcome failures and focuses on the institutional, capacity and cultural challenges which governments face when trying to craft successful relationships in this area with private sector firms. [2]

Focusing on best practices

More recently, research and reports supporting a more positive approach to the relationship between service transformers and ICT firms has begun to appear. Sandford Borins recently produced a paper setting out some "smart practices regarding the application and management of IT in the public sector".[3] In addition, a number of leading ICT consulting companies are making available framework papers designed to guide governments considering collaboration initiatives with private sector partners.[4]

New ways of doing business

The thrust of this more recent work and the following case studies is that public sector service transformation which embraces emerging e-government technologies requires new organizational arrangements to ensure success. These arrangements are both internal to government and external, involving the formation and management of strategic relationships between private sector IT vendors and public service providers.

This collection of case studies explores the dynamics of such collaboration. The cases – including municipal, provincial and federal governments, reveal the nexus between digital technologies, internal organizational change and public-private sector interactions. They also reveal the emergence of a new form of collaborative business model between both sectors, as the transformation is mutually defined upfront, prior to implementation.

This heightened level of collaboration represents a significant departure from traditional approaches to government procurement – where inputs are first defined by public sector contracting authorities and then secured via a market of qualified vendors. As these cases illustrate, service transformation initiatives in particular, necessitate a rethinking of the role and purpose of procurement mechanisms in an increasingly digital and interdependent environment.

Establishing good practices first

The ultimate objective of research in this area is to establish "best practices" in the building and maintenance of service transformation relationships between public service providers and ICT firms. If we adopt a common definition of best practices as "those practices that have been shown to produce superior results; selected by a systematic process; and judged as exemplary, good, or successfully demonstrated"[5], then it is important that we recognize that we are some way from achieving the goal of clarifying best practices in service transformation agency/ICT vendor relationships.

A common way to proceed towards establishing best practices is to:

- share intuitively good ideas about a way of doing business that should produce better results; and/or
- share stories about a practice that did make a positive difference in the outcome of a particular collaborative experience;

As a first step towards doing the research required to:

- document a good practice (a technique, methodology, procedure, or process that has been implemented and has improved business results for an organization);

And through the analysis of performance for many organizations to:

- establish a best practice - a good practice that has been determined to be the best approach in a large number of reasonably similar instances.[6]

The following case studies suggested by participants establish and document practices which worked effectively in specific circumstances. The

20 steps found in Table 1 reflect good practices which appear to have contributed to positive outcomes in a number of the cases. But they do not yet represent immutable rules that can be said to represent the most effective approach in a large number of similar circumstances.

Service transformation or a wider focus?

There clearly are different views about what we mean by service transformation. Some would argue that a service transformation process is different from a decision about whether or not to provide a service or an initiative to make the delivery of the service more efficient and effective by adding an electronic channel. This is an interesting issue in its own right, but from the perspective of this project it raised the question of whether we should draw "good practice" evidence only from "pure" service transformation engagement experience or from a broader set of engagement experiences involving ICT firms and government organizations. We tended to be a little looser in our definition of what constitutes a service transformation than some purists.

There is no question that context is important. A story is usually about the employment of a particular practice in a particular setting. The reality is that a particular practice cannot be transferred holus-bolus to another setting. But this reality need not stop the listener (and analysts) from seeing something in the experience that might work in another setting. We don't want to be naïve, but we also don't want to be reduced to silence by concern about the uniqueness of each situation.

Relationship vs. internal issues

A number of the good practices that emerge from the case studies focus on solving problems inside one of the partnering organizations rather than dealing with aspects of the relationship between the two participants. These internal issues (e.g. getting stakeholders onside) are particularly important for public organizations. As Table 1 suggests our research supported the recognition of four categories of good practices:

- Defining the service transformation
- Building capacity
- Forming and structuring the relationship
- Executing and adapting

This list is tilted towards the challenges facing service provider organizations rather than ICT firms which is natural enough since it is usually the public service agencies that establish the need for service transformation and initiate engagement with one or more ICT firms.

The impact of standardized solutions?

In gathering preliminary evidence of good practices, a number of respondents echoed the sentiment that the adoption of standardized solutions would obviate the need for each individual ministry or branch to learn how to create and manage a successful collaborative relationship with private sector partners.[7] The corollary of this point is that instead of focusing on getting collaborative relationships between service transformers and ICT providers right, governments should focus instead on the other end of the problem by fixing relations among departments and agencies and among governments that will allow for bigger, cross-government service transformation solutions and, therefore, the common purchase and maintenance of standardized systems.

At the very least, standardized solutions place a particularly high premium on developing successful practices for breaking down silos and creating and maintaining consortia of users within and across governments. It also speaks to the capacity of ICT firms to come together in consortia to offer comprehensive solutions to government which can be adapted to meet the needs of a wide array of users. At most, the use of standardized solutions suggests that the creation and management of successful service provider/ICT firm relationships can be more centrally managed and that learning with respect to best practices can be concentrated on a cadre of "engagement managers" rather than being disseminated more widely across every government agency.

The twenty steps

Each of the seven case studies which follow recounts the development of complex relationships between a public service agency, its stakeholders and one or more ICT firms as they worked through a substantial service transformation together. These cases are considered to be success stories and there are a number of individual good practices which can be observed in each case. In addition, we drew together in Table 1 twenty practices which were common to two or more of the cases.

These principles or "steps" were used to initiate a dialogue on good practices at the Lac Carling Congress in May 2005.

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[2] See John Langford and Yvonne Harrison, "Partnering for e-government: Challenges for public administrators", Canadian Public Administration, Winter, 2001, pp.393-416; J. Roy, B. Allen and J. Lifshitz, "E-government and public-private partnerships: relationship challenges and strategic directions", prepared for the OECD E-government Project Seminar, June, 2002; and Institute for Development Policy and Management, E-government for development information exchange network, http://www.egov4dev.org/.

[3] Sandford Borins, "Smart Practices in Managing Public Sector IT: Evidence from Ontario", paper prepared for the Conference on Smart Practices Towards Innovation in Public Management, Vancouver, June 16, 2004, p.8. http://www.publicsectorit.ca/publications/borins-smartpractices.html

[4] See, for instance, Accenture, Building a Better Tomorrow. Investing in Ontario's Infrastructure to Deliver Real, Positive Change, Accenture's Point of View on Infrastructure Financing and Procurement, 2004; and Partnering and Procurement Inc., Collaboration Assessment Framework and Tools, 2004.

[5] Chris Ashton, Managing Best Practices, Business Intelligence Limited, London, 1998, as quoted in Yasar F. Jarrar and Mohamed Zairi, "Internal transfer of best practice for performance excellence: a global survey", Benchmarking: An International Journal, 7, 4, 2000, pp.239-46.

[6] Jarrar and Zairi, "Internal transfer of best practice for performance excellence: a global survey".

[7] This point is noted in Borins, "Smart Practices in Managing Public Sector IT: Evidence from Ontario", p.8.

TABLE ONE

Lac Carling 2005
The 20 Steps of Public-Private Collaboration for Service Transformation

Task 1: Defining the service transformation

1. Ensure executive buy-in and leadership (including appropriate central agencies)
2. Identify a program based customer service champion within the organization's middle management to steer the process of definition.
3. Dialogue with key internal stakeholders to refine objectives, build support, and assess current capacities.
4. Seek input from clients, the public and politicians about service expectations.
5. Consult industry to help define the vision and formulate a business plan.

Task 2: Building capacity

6. Assess the management and technical skills that will be required for the entire project (including implementation)
7. Create project team by building, recruiting, or outsourcing those skills.
8. Define the competency requirements of prospective partners prior to involving procurement authorities.
9. Examine the technological and financial sustainability and adaptability of the partner.

Task 3: Forming and structuring the relationship

10. Share concerns about quality service, public mission, financial risk, performance reporting with all potential vendors from the outset
11. Choose vendor (s) that demonstrably understands how government works (e.g. accountability demands).
12. Ensure that vendors commit their A Team to the project
13. Align the degree of uncertainty and risk-sharing with the type of contract.
14. Stipulate mechanisms for dispute resolution.
15. Create a joint governance body that will foster collaboration, flexibility and regular oversight of project management.
16. Build trust and joint ownership between public and private sectors from the beginning.

Task 4: Executing and adapting

17. Provide ample operational latitude for the government managers to pursue innovation and creativity within the the contract and expand the relationship if opportunity arises.
18. Invest in sustaining a culture of innovation and training inside the public service
19. Ensure openness and dialogue between partners to continually reassess progress and shifting circumstances
20. Don't expect to save money in the short term.

Validating the 20 steps

As part of the plenary discussion of the case study research at Lac Carling 2005, delegates were asked to vote on two aspects of the findings set out in Table 1. First, each individual was given the opportunity to vote on each of the 20 steps in terms of their agreement with the following statement:

"This step, in the context of a public / private collaboration, is difficult to achieve."

Second, delegates were asked to discuss the four major task areas of service transformation steps at their tables and vote as a table for the area deemed most important in terms of future research and effort. In both votes, delegates were offered a seven point scale ranging from "strongly agree (7) to strongly disagree (1).

Emphasis on establishing and managing the relationship.

In the first round of voting, the individual delegates chose the following five steps (ascending in level of difficulty) as the most difficult to achieve:

- 17. Provide ample operational latitude for the government managers to pursue innovation and creativity within the contract and expand the relationship if opportunity arises.

- 13. Align the degree of uncertainty and risk-sharing with the type of contract.
- 12. Ensure that vendors commit their A Team to the project.
- 16. Build trust and joint ownership between public and private sectors from the beginning.
- 18. Invest in sustaining a culture of innovation and training inside the public service.

Three of the top five selected are from the third task – forming and structuring the relationship, whereas the remaining two of the top five are found in the fourth task area, executing and adapting. It is remarkable that the top five as a whole encompass the third and fourth task areas – on the formation and adaptation of the relationship, suggesting that it is here where practitioners believe the most difficulty would likely arise.

It is particularly noteworthy that respondents from both the public and private sectors tended to rank the difficulty of the collaborative steps in much the same fashion, suggesting much common ground in terms of where attention and resources should be devoted. For example, the step #17 – ranked as the most difficult by the group as a whole, generated a mean rating of 6.0 from private sector delegates and 5.5 from those in the public sector. Step # 13 and step # 12 found similar results – with ratings of 6.2 and 5.1 respectively from the private sector and 5.5 in both steps from public sector delegates.

As well, the fact that step 17 would emerge as the most difficult step in the first round of the voting underscores the accelerating pace of change and levels of uncertainty that shape many technology-intensive service transformation projects. Rarely is it possible in such an environment to scope out in advance precisely how the relationship should be structured and what deliverables will be achieved. Instead, the best one can hope for is clear agreement at the outset of a partnership as to what outcomes are required and what constraints must be respected in achieving them. Within these constraints, the challenge would seem to be according a sufficient degree of flexibility to managers involved in the transformation to adjust and adapt to shifting circumstances as the relationship evolves.

The challenges associated with 'executing and adapting' the relationship are consistent with the evolution of procurement processes in an e-government era that has witnessed a rebalancing of upfront cost and control considerations in favour of a more flexible relationship based on creative solutions and outcomes. Although rigid project and process controls remain imperative (underpinned in many of the case studies by ongoing communication between stakeholders), so too is a degree of empowerment to managers in both sectors seeking to tailor solutions to a dynamic set of technological, organizational and political factors shaping the service transformation.

Yet at the same time, the fact that three quarters of the 20 steps proposed to delegates generated a rating of higher than 4.0 (out of a difficulty scale ranging from 1 to 7) indicates the significance of the relational challenges that extend across all four task areas. The lowest ranked steps scored 3.6 of 7.0 with the overall rating for all 20 steps of 4.4, a result that suggests a high degree of recognition across most all of the 20 steps proposed in our template.

More focus on establishing the relationships

In the second round of voting (on which of the four task areas warranted further research), the third grouping – forming and structuring the relationship – garnered the most votes with 59%, a finding that is consistent with several of the steps from this task being among the top five choices in round one.

The fact that 'building capacity' – as the third task area, garnered the fewest number of votes as an area in need of further research (only 7% of tables voted for this selection) would suggest that practitioners believe that this area is being addressed reasonably effectively. Yet, even here one former provincial CIO commented that difficulties can arise, as the efforts of this individual to recruit even a small number of sufficiently qualified individuals into key public sector positions have proven frustrating. This theme emerged during the discussion at the plenary session as delegates observed that competitive labour markets and job mobility for the most skilled workers can create uncertainty in sustaining collaborative initiatives across sectors.

The strong level of difficulty attached to step # 17 is consistent with many of the case studies examined in more detail below. Emerging success stories would appear to be derived from a degree of flexibility and creativity accorded to those managing the collaborative relationship. This point does not suggest that managers are given free reign, but rather that within the framework of senior level support and sound project controls parties must be given some latitude to adapt solutions to changing circumstance as the relationship evolves. Yet, providing such latitude often runs counter to the traditional planning and control mentality of public sector procurement that selects vendors and their proposals on the basis of their upfront determinations of costs and timeframes in response to outcomes envisioned by public sector bodies purchasing goods and services from vendors. As the case studies below demonstrate, successful service transformations within the context of e-government rarely lend themselves to such a linear process, suggesting that relational flexibility is a key imperative in moving forward.

An extension of this sentiment may well be found in the second most voted step in terms of difficulty (#13), the alignment of the degree of uncertainty and risk sharing with the type of contract used to underpin the collaborative relationship. This step garnered the single highest rating from any one Sectoral group, with 6.2 from the private sector (in contrast to a 5.5 from the public sector). The cases below reveal a diversity of time durations, cost controls and shared mechanisms for jointly managing risk and reward flows, a point that would seem to echo the views of Lac Carling delegates that contract uniformity is neither feasible nor appropriate in pursuing e-government service transformations. The widening movement toward performance-based contracting across the public sector reflects an attempt to achieve this sort of align-

ment, a theme underscored in the recent federal government review of procurement that is viewed as an important precursor to more innovative collaborative models being deployed in the critical next steps of the federal government service transformation including the formation of Service Canada and the expansion of a shared services approach to upgrading the internal technological architecture across all departments and agencies. In many respects, this evolution is inspired by provincial service delivery models of a similar nature, such as Service New Brunswick (one of the cases examined below).
The complementing nature of the two most difficult steps (17 & 13) as voted by Lac Carling delegates is also a critical lesson – as this leading group of Canadian practitioners underscored both the collaborative and contractual aspects of management processes joining public and private sector organizations. The fact that both are viewed as particularly difficult would suggest that addressing either alone would be insufficient and it is our view that this co-evolution between these relational and contractual capacities is an important theme of many of the seven case studies reviewed.

The third most highly ranked step in terms of difficulty (#12) focused on ensuring that vendors commit their 'A Team' to the collaborative relationship. Again, rather than any sensitivity on the part of the private sector to a suggestion that doing so is difficult, both sectors viewed this point as a key priority, albeit with a higher level of difficulty accorded to the step by public sector delegates (5.5 versus a score of 5.1 from the private sector).

In the open discussions at the Lac Carling forum one delegate from the private sector rightfully observed that this point can also work both ways, in terms of working to ensure the public sector put its best human resources forward throughout the collaborative transformation. Both sectors recognize that in a highly competitive market for the most skilled workers, coupled with demographic renewal in many provinces and the federal government that is also accelerating job mobility for the most talented public servants, achieving and maintaining an optimal set of individuals is likely to remain a challenge. However, an important theme emerging from our cases that speaks to this point is the centrality of project champions and human chemistry with the collaborative team comprising both sectors.

While more research on this point may be warranted as the group of delegates suggested (as it too falls under the third task area) it would seem reasonable to from the premise that both sectors should think seriously and creatively about finding ways to maximize the probability that key individuals involved in forming the collaboration will remain in place to guide the effort through implementation in order to balance the flexibility required with a level of consistency and steadiness that is likely to be central to the formation of trust between partners. The importance of people and human capacities is further underscored by the fifth highest step in terms of voting (#18) that underlines the need for ongoing investments into a culture of innovation and training within the public service in order to effectively align technological, organizational and human processes with the objectives of the service transformation.

Perhaps one of the most surprising findings from the voting was the score of 3.7 accorded to step #5 – 'consult industry to help define the vision and formulate a business plan.' Many of the case studies examined below demonstrate this element as a key success factor in shaping positive collaborative outcomes and as a result, the voting would suggest that this step has been widely recognized and adopted by many public sector organizations with relatively fewer problems encountered than in other areas of collaborating.

Final thoughts on further research

It is also important to reflect the ties between the results of this initiative and the voting of Lac Carling Delegates at the end of the Congress in terms of their overall priorities for future research and effort. In this latter forum, inter-governmental collaboration emerged as the highest priority for furthering the service transformation agenda, a result that speaks to some concern on the part of delegates in terms of a disconnect between the individual service transformation agendas of each level of government and the rhetoric espoused by political leaders in favour of more seamless governance solutions across jurisdictions.

The point remains that future inter-governmental processes will only rely on further levels of public-private partnering and the experiences of each level of government in managing these relationships are likely to be compounded. The case studies reviewed below reveal some progress and innovation in achieving successful collaborative processes at each level of government – thereby potentially setting the stage for important lessons learned when extending these relational governance arrangements to multi-jurisdictional processes. However, such a claim remains more speculative potential than proven reality as the experiences with inter-governmental service transformations remain limited and primitive.

In sum, the plenary session of the Lac Carling Congress provided a useful forum to both showcase some of the findings of the case studies presented below and solicit the views and insights from a leading group of senior managers engaged in the difficult work of forging collaborative relationships that are at the fabric of e-government and service transformation. While this area of often the focus of negative coverage that highlights project failures and relational difficulties, the level of mutual respect and shared viewpoints across both sectors provides testament to a shared willingness to persevere despite such challenges.

Moreover, as an international leader in online service delivery and e-government initiatives across all levels of the Canadian public sector, it is important to not lose sight of the fact that successful partnerships are more commonplace than is typically recognized. The case studies presented below provide further evidence of room for optimism in moving forward.

Managing Service Transformation Relationships

Government of Canada – Modernizing Services for Canadians

Background[8]

Modernizing Service for Canadians (MSC) - a three-year business transformation initiative (2002-2004), was undertaken in order to "renew (then) HRDC policies, programs, services, and service delivery by focusing on what citizens need in a way that supports citizen's full participation in the workplace and community."

By building a new citizen-centred foundation for HRDC (and its successor units[9]) policy, programs and service, MSC is changing the focus from the business of conducting transactions to a new emphasis on building relationships with citizens. It is transforming the current complex delivery network into a single integrated service delivery network that provides seamless, multi-channel service to Canadians.

As a result, government programs, services and business processes are being streamlined and simplified to deliver easier access for citizens through the single network. Through MSC (and subsequent initiatives described below), the Government of Canada is moving to an enterprise-wide management approach for the delivery of benefits to Canadians for the management of corporate functions, including Human Resources (HR) and information technology (IT), to ensure their effective alignment with the single delivery network approach.

Even taken at its origins within then-HRDC, MSC represented one of the largest business transformations ever undertaken in the Canadian public sector – aiming to transform:

- The HRDC service delivery network across the country which includes 10 regions, 23+ call centres, web and kiosk service delivery; 122+ processing centres; 320 HRCCs (100 main and 220 satellites); Service Canada delivery (229 sites); and 2,330 third party delivery partners;
- How HRDC relates to clients and engages stakeholders, including Canadian citizens, businesses, community organizations and municipalities, third party delivery partners, private contractors, non governmental organizations, other federal departments, including the Canada Customs and Revenue Agency[10], Public Works and Government Services Canada and Industry Canada, and central agencies including Treasury Board, PCO and Finance;
- All services and programs delivered by the department, including transactions amounting to over $70 Billion in benefits to Canadians;
- The processing of a large volume of information submissions and transactions, including 8 million Records of Employment (ROEs) submitted by employers, 2.6 to 2.8 million applications for insurance benefits, 25 million biweekly EI reports, 485,000 CPP applications, 500,000 OAS applications, 400,000 student loans; and 100 million pension payment transactions;
- The management and provision of enabling functions (including HR, IM/IT and Finance and Administration);
- The nature and the management of the work of HRDC employees and managers (which number approximately 25,000).

In May 2002, Treasury Board approved the Year One Business Plan for MSC which focused on global research, initiated a number of “proof of concept” and Government Online (GOL) projects, and ultimately led to the development of a blueprint for citizen-centred services to Canadians. Central to this blueprint is the MSC vision:

> *To transform service to Canadians by focusing on what citizens need in a way that supports their full participation in the workplace and community.*

The vision for serving Canadians, businesses and communities included four fundamental objectives:

1. Ensure the integrity of social programs;
2. Move from the delivery of separate government programs in silos to seamless citizen-centred service;
3. Work together as a collaborative networked government; and
4. Demonstrate accountable and responsible government.

Year two was impacted by significant change with the creation of the Departments of Human Resources and Skills Development and Social Development (from what was previously HRDC), and the ancillary discussions on future organizational changes. These organizational changes reinforced the MSC vision of moving toward more integrated, enterprise-wide management of key service delivery functions and support functions.

Year two priorities for MSC concentrated on the implementation of enterprise management for service delivery and corporate services and setting the stage for more simplified seamless and integrated service to Canadians. When the new departments of Human Resources and Skills Development Canada (HRSDC) and Social Development Canada (SDC) were created, MSC was mandated to provide a focal point that ensured continued progress toward the envisioned service transformation.

The latter part of Year Two also featured significant discussions and planning with the Canada Revenue Agency. While these discussions consumed considerable management attention, it was also the precursor to substantive discussions with CRA that explored further avenues to achieving the MSC vision. Indeed, these discussions led to the confirmation of the E-Payroll vision[11] and CRA’s willingness to assume a leadership role in moving this initiative forward.

Year Two Achievements:

Several significant changes were introduced in Year Two to change the way in which services are managed. While Year One introduced more self-service choices for Canadians, Year Two created the platform to further integrate service delivery across all channels – phone, Internet and in-person.

An example of this is the creation of an enterprise-wide Internet delivery capability. Prior to Year Two, HRDC had 170 separate and distinct Internet sites, each of which was managed independently. In Year Two, the management of the Internet channel was brought under one roof and the 170 web sites were consolidated into one single web site for HRSD/SD. This change is expected to generate efficiencies of about 15% of total Internet infrastructure costs.

As another example, enterprise-wide management of the 23 call centres was launched on April 1, 2004. One integrated Call Centre network was put in place to deliver telephone service for Income Security Programs, including CPP and OAS/GIS, Employment Insurance, and the Canada Student Loans Program.

In preparation for the new management approach, a number of initiatives were undertaken to improve call centre operations. Solutions were developed in a manner that would address issues raised in previous Auditor-General’s reports and they are currently being deployed. With this more consistent and streamlined approach to managing call centres, HRSD/SD anticipates answering an additional one million calls – while provide better service to Canadians with more reliable, timely and efficient telephone service no matter which program Canadians are calling about, or where they are calling from.

Enterprise-wide management of the Integrity function was also established this year and an enterprise approach to Risk Management is being implemented. A key achievement has been the realization of significant progress in ensuring the integrity of the Social Insurance

Number (SIN) held in the Social Insurance Registry (SIR). The requirements of SIN application have been strengthened and the number of documents considered acceptable to establish one's identity has been greatly reduced. Additionally, an expiry date on the SIN of temporary residents has been added.

As part of MSC moving forward into its third year, a clean up of the SIR was also undertaken in collaboration with the other departments and provinces. This effort is crucial to ensure the consistent identification, authentication and validation of individuals who require services, apply for benefits or receive financial benefits, thus reducing incorrect payments due to errors, fraud or abuse, and ultimately reducing the overall cost to the taxpayer. With better integrity of the SIR, the foundation is established for greater inter-departmental and inter-governmental cooperation in service delivery.

Accordingly, the next phase of the transformation - Year Three- has been underway throughout 2004 and early 2005. The Year Three plan is focused on achieving greater "convergence" in how service is delivered, building the "capability" to sustain and drive success, realizing the "savings" that have been identified and ensuring "accountability."

A Closer Look at the Collaborative Practices:

The unique aspects of the collaborative relationships between the federal government and the private sector – with respect to MSC, are primarily rooted in the unprecedented level of upfront preparation and investment into both conceptualizing the opportunity to use ICT to transform service delivery and creating a detailed business plan to move down this path.

This collaborative effort involved the Government of Canada's MSC team working in concert with four leading providers of technology solutions from the private sector. They include:

- IBM
- CapGemini
- CGI
- Accenture

These four companies were selected in 2003 through a competitive RFP process that awarded each firm with a two year agreement for deliverables defined within the MSC strategic framework (the value of the contract for each company not to exceed $10 million each). Most of these companies had also participated in the initial, Year One (2002) MSC visioning and preliminary research phase.

Conceptualizing the opportunity involved building on the Government of Canada's previous and ongoing experiences with related initiatives – such as that of Government Online (GOL). At the same time, however, engaging private sector companies became central to preparation for next steps as the team leading MSC within the federal government sought to:

- Learn from best practises around the world (via leading companies with global reach extending across diverse public sector clienteles) and build support across government through awareness, education and preparation;
- Actively engage the private sector and make use of their competencies within the internal management and governance mechanisms of the MSC process; and
- Leverage the early experiences of pilot initiatives within a single department (HRSDC) in terms of integrated, multi-channel service delivery.

These three directions form the nucleus of the collaborative effort between government and its industry partners. Whereas the first point may be viewed as a more traditional, research-oriented gathering of relevant insights from other settings, it nonetheless provided an essential basis for fostering a collective understanding of the challenges facing the federal government. Identifying potential pitfalls and opportunities that have emerged from other jurisdictions proved an important component of this learning process.

This collaborative work contributed directly to the preparation of the MSC vision, the major output of MSC Year One. Year one was coordinated through four different "views", each representing an element of the overall MSC Concept. These were as follows:

- The Citizen View, which explored the future relationship with citizens, communities and businesses;
- The Service Delivery View, which looked for the most appropriate delivery model;
- The Organizational/Human Resources View, which explored the steps needed to ensure the appropriate organization and skills for future needs; and
- The Technology View, which developed an IM/IT business strategy to provide the best technology architecture to support service delivery for the future.

In each of these areas, global research undertaken with the private sector produced key findings, lessons learned and proven approaches. This knowledge was then applied to the foundational work of year one in developing citizen-centric service strategies, privacy, client segmentation, integrated channel management, enterprise-wide enabling solutions and organizational change.

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[8] The material in this section of the case is drawn freely from documentation provided by the MSC team within HRSDC/SDC – their willingness and openness to make them available is greatly appreciated.

[9] The Department has been re-organized into the new Departments of Human Resources and Skills Development Canada (HRSDC) and Social Development Canada (SDC)

[10] Now the Canada Revenue Agency (CRA).

[11] Employee payroll, earnings and income related information constitutes the single most important set of data required to administer government programs in Canada (including EI, CPP, OAS and tax). Today employers provide information many times and in multiple formats and frequencies to meet the requirements of the siloed programs across all levels of government. Extensive cooperation between HRSD, SD and CRA in Year Two of MSC resulted in an agreement to take forward the E-payroll concept to business plan. This has the potential to transform the delivery of services to employers. In Year Three, MSC has worked with CRA to build the business plan and identify the implementation activities that will allow the Government of Canada to make a significant impact in the $4.5 Billion cost to employers of complying with government reporting requirements.

In making use of this knowledge, one specific mechanism for this collaboration has involved the direct representation of the private sector partners on the MSC Management Forum, a group comprised of ADM's and DG's s who collectively coordinate MSC activities, meeting on a weekly basis to do so. This type of interactivity allows for learning and exchanges not only between industry and government but also amongst the private sector companies engaged in MSC efforts.

What worked and why:

The scope of the collaborative practise between the federal government and its industry partners has been to carefully map out the requirements of MSC as it evolves into the single largest service transformation process in the Canadian public sector. The key to this effort has been to undertake a highly deliberative and analytical approach to foster both a vision of service delivery and a comprehensive business case for investments and change in moving toward that vision.

A comprehensive set of elements for the business plan have been fostered in concert with industry experts, including: IT/IM Renewal; Human Resource Management; Change Management; Risk Management; and Performance Evaluation Framework.

One of the key challenges of both designing and pursuing the MSC vision was – and continues to be, the significant cultural transformation required to work across traditionally separate units and processes within departments, as well as across various departments themselves. This type of change requires leadership and champions at the political level – as well as within the public service.

The changing of Government in year two of MSC (resulting in the division of the former HRDC into 2 departments) clearly impacted the momentum for MSC at the political level – but what sustained the initiative through this time was the commitment of key public servants who have been working to realize the MSC vision. Moreover, this commitment was bolstered by the knowledge and foundational elements provided for by the upfront collaborative planning undertaken with private sector partners.

The result of this sustained commitment has been to re-engage political leaders in the newly-constituted Government to pursue service transformation. Accordingly, key decisions have now been announced in the 2005 federal budget regarding the future of MSC – and specifically, the creation of a new Service Canada entity and strategy to carry forward in the pursuit of further changes that would enable the Government to provide Canadians with comprehensive and one-stop access to services and benefits online or via an alternative channel of their choosing (the implications of the Service Canada concept are discussed more fully in the section below).

Impacts & Significance:

With respect to the three-year MSC initiative leading up to 2005, there are three major impacts of this collaborative relationship between HRSDC/SDC and the private sector companies engaged in this effort:

- First, work to date has demonstrated the potential of integrated, multi-channel service delivery strategies via early results from pilot initiatives (reviewed in part one of this case study) in terms of service improvements and cost savings;
- Secondly, significant organizational capacities have been developed (across IM/IT, HR, change management and performance measurement) within the federal government that are necessary elements of the foundation for pursuing the service transformation agenda, both within the lead MSC departments (HRSDC and SDC) and on a government-wide basis; and
- Thirdly, in moving forward to leverage these opportunities and capacities, MSC has been instrumental in laying the groundwork for a more ambitious government-wide effort at service transformation.

The nexus of the first and second points underscores the significant dimensions of undertaking an enterprise-wide approach to service transformation for the Government of Canada. Traditionally vertical accountability structures that reinforce individual Ministerial accountability via separate organizational structures (or silos) have been predominant in government for some time.

Shifting to a citizen-centric approach on a government-wide scale is thus a major effort, and one that also underscores the importance of not viewing the service transformation agenda as a technology project (i.e. electronic service delivery within a multi-channel environment), but rather as a more encompassing agenda for organizational adaptation and performance improvement.

With regards to the third point, then, the potential emergence of a new Service Canada model in 2005 would mark the transition to realizing the goals of convergence and better government-wide coordination capacities to realize citizen-centric service delivery. It would also likely entail a significantly expanded focus on the necessity of a public-private partnership to underpin this new model.

Indeed, HRSDC and SDC have been actively engaged in the development of a strategic partnership framework to scope out this potential. The development of this framework has included consultations with the private sector and an examination of the financial, legal, political technological and organizational ramifications of various partnering scenarios.

In this manner, much of the work of MSC – involving public-private sector interactions - can be viewed as a precursor to an expanded and more strategic level of collaboration in the next phase of the service transformation. Given the considerable risk and uncertainty involved in such large-scale technological and organizational transformations, the foundational results of the first three years of MSC should serve as a valuable guide for all key stakeholders engaged in this process as it moves forward.

Many stakeholders therefore believe that the jury is still out on MSC's ultimate success, given both the early stage development of enterprise-wide management systems and considerable potential that has yet to be realized (but that is now clearly identified by the new Service Canada agenda).

The significance of this undertaking for other examples of public sector restructuring may well lie in the upfront focus on knowledge, learning and preparation – and the usage of collaborative relationships with the private sector to do so.

Typically, governments have often set out to define their objectives and specifications in advance of turning to traditional forms of procurement to both identify and acquire the use of private sector specialists to focus on implementation. This sort of linear process – and the difficulty of engaging industry in such a predetermined manner, no doubt represents one important factor explaining the significant levels of frustration that are common to many large-scale initiatives (particularly those involving IT[12]). Had such a path been followed in the case of MSC, government stakeholders would have faced a huge burden of defining such a strategic undertaking without the global reach and joint visioning elements that have underpinned MSC's progress to date.

Instead, the federal government now possesses both a set of early results demonstrating the potential for service transformation and a clear understanding of the strategic options in moving forward. Although risk and uncertainty remain, there are now tools and methodologies in place to address them – and to lay out the framework for a more ambitious set of public-private partnerships in subsequent phases of the service transformation.

This type of approach could well have relevance for the pursuit of inter-governmental strategies to better coordinate, share and integrate service delivery efforts (i.e. seamless governance across jurisdictions – a key objective of GOL and an agreed-upon goal of service delivery leaders at all government levels).

Given the novelty of such an undertaking – and the significant financial and technical scope in pursuing it, careful preparation would seem of critical importance. Moreover, this preparation – as with MSC – should likely entail close levels of collaboration between industry and government. Many of the lessons learned from MSC (and related initiatives at the provincial level) could serve as a basis for proceeding down an inter-governmental agenda.

At the same time, there also exists across the provinces in Canada a considerable set of diverse experiences in terms of service transformation and the reliance of public-private partnerships. As such, the comparative lessons of MSC – coupled with these early and ongoing results generated by various provincial models (plus relevant comparative experiences with inter-governmental design) could provide a powerful basis for conceptualizing and designing inter-governmental solutions in Canada.

There is a solid case to be made that as early on as possible, industry partners (contributing to both MSC and provincial affiliates) should be viewed as key stakeholders in helping to shape this agenda. Moreover, in pursuing this inter-governmental path, much of the preparation and business planning undertaken within individual governments (both federally and provincially) should be viewed as a strategic and valuable knowledge base on which to map out inter-jurisdictional initiatives.

While much of the upfront planning from MSC and similar initiatives provincially – in terms of inter-operability, convergence and the overall vision for citizen-centric service delivery, may to some extent be avoided in subsequent phases of inter-jurisdictional activity, there may well be considerable value in engaging the private sector in a manner akin to MSC to help define upfront the business case for such endeavours, including the various segments of transitional and transformational strategies that will be called for.

Lessons Learned and Conclusions

There are five central lessons that emerge from this MSC case study with respect to service transformation and public – private sector relations:

- First, partnerships both within government and externally with key stakeholders (including the citizenry) are increasingly central to organizational transformation and performance improvements;
- Second, the private sector views itself as an important stakeholder committed to such positive outcomes;
- Third, private sector involvement upfront, in planning and development stages can strengthen internal capacities for change – and better align the interests and efforts of both sectors;
- Fourth, strong communication and committed leadership are central elements to fostering effective relationships between companies and government agencies; and
- Fifth, political change must be both anticipated and always recognized as an important variable in public sector service transformations.

The first and second lessons point out the growing intricacy of public-private sector engagements in the architecture of public sector service delivery. In a world that is increasingly more informational, digital and networked, no large organization in any sector can maximize its effectiveness working in isolation. Partnerships are therefore central to making the transition to better customer service and a citizen-centric governance philosophy[13].

[12] Both the federal government and the provincial Government of Ontario have recently undertaken consultation exercises on procurement and project management processes with respect to large scale IT initiatives. Information on the federal review, being led by Parliamentary Secretary Walt Lastewka (Secretary to the Minister of Public Works and Government Services) can be found at: www.pwgsc.gc.ca/prtf/text/presentations/21-23oct04-e.html.

[13] This point is supported by findings elsewhere, notably one study of integrated service delivery in Canada: ICCS (2003) Integrated Service Delivery: A Critical Analysis (a report sponsored by the Public Sector Service Delivery Council: www.iccs-isac.org).

The third and fourth lessons underscore the need for strong relational capacities to underpin the formation of positive partnerships. The engrained working relationships between senior managers from both industry and government in the MSC context illustrate this point. It is indicative of this shared commitment that discussions with key officials form either sector reveal a similar vision of the service transformation and its importance.

Finally, recognition of the potential for political change as a key determinant in MSC was underscored by the restructuring of HRDC into two separate yet interlinked departments: the strong foundations developed for a government-wide vision have proved important in enabling MSC to adapt to these new circumstances. Similarly, next stages of the Service Canada agenda are dependent on political decisions at Cabinet – decisions that will shape the willingness and ability of government to entertain more innovative forms of risk-sharing and public-private partnering in the years ahead.

Indeed, in terms of the limitations of the MSC experience to date (with specific reference to public – private relationships), although industry's role has been instrumental – in a uniquely upfront manner, this contribution has to date been managed within traditional contracting and financial mechanisms (i.e. fees for services rendered). What may prove more necessary – and beneficial, in subsequent phases of work is an approach to embed performance management techniques within an incentive-based framework of financial compensation for industry partners through jointly-agreed to outcomes (i.e. service improvements, process innovation, efficiency savings, etc.).

This latter point would suggest that HRSDC/SDC have been wise to include the development of a strategic partnership framework as a parallel initiative to the more current MSC projects and activities – since more innovative forms of partnering carry important consequences for procurement mechanisms (and processes that involve key stakeholders in PWGSC and TBS).

Managing Service Transformation Relationships

Ontario Ministry of Natural Resources – Campsite Reservation System

Summary

This case study focuses on an IT-driven service transformation executed by the Parks Division of the Ontario Ministry of Natural Resources (OMNR) and Camis Inc. Camis is a privately held firm based in Guelph, Ontario, that operates campground reservation systems in Canada and the United States.

The net result of this service transformation for the Government of Ontario is increased income, an assurance of high quality service for its clientele, and more efficient use of crown assets.

There is a number of interesting public-private collaborative practices to observe in this case study. The most noteworthy are:

- Entrusting middle management in the public sector with the responsibility to negotiate, administer and resolve disputes with the private sector partner.
- The agreement was hammered out by public servants with a passion for the file, not by an IT procurement department.
- The creation of an integrated, joint team has ensured that the private sector partner understands the limits and responsibilities of the public sector. This was done by hiring personnel with public sector experience.
- Collaboration may require expensive adaptations on the government side within tight budgetary constraints.

Background

The Parks Division of the Ontario Ministry of Natural Resources oversees 106 provincial parks. Twenty of them are operated under partnership agreements that are sole-sourced to local communities (first nations, conservation authorities, etc). Three more are outsourced in multi-park contracts. Seven are under private, sole-park contracts. Eighty parks are operated directly by public servants.

The genesis of this experience in transforming government service by collaborating closely with an ICT firm goes back twenty years. In the early 1980s, staff at the Ontario Ministry of Natural Resources concluded that the reservation services for lots in the province's campgrounds had to be centralized and that the department had to upgrade its technological assets. The logic was simple: private contractors had managed to centralize ticket sales for a broad range of entertainment services. It was natural to believe that the same approach could be applied to booking camping sites on crown lands. The OMNR was approached by the big contractors in the business. TicketMaster, BASS, and Destinet saw a niche market. Piqued by the possibility, OMNR issued a RFP in 1982, but no relationship was created. Upon due diligence, the private sector operators did not see the venture as profitable. They also expressed concern that the technology to execute such a complicated range of transactions did not exist.

At the same time, staffs at OMNR were under pressure to deliver a better service. People were less inclined to drive to camps only to find that they could not find a spot, or to discover that they had to wait hours to place reservations in person. With the growing popularity of camping, staffs at the park level were increasingly faced with a flood of inquiries each April as citizens vied to get their favourite spots at their favourite time of the year.

If the work experience was frustrating, the effort to secure camping grounds grew even more so. The phones would be busy for days (one park, Bon Echo in Eastern Ontario, only had two public telephone lines). Because reservations had to be made with the individual destination, either through the phone, by mail, or in person, the process was unpleasant. In the most popular parks, impromptu tailgate parties would take place in advance of the start date of May 1st, the first official camping day. Very often, even people who had stayed in line for days were turned away, disappointed at not having secured the spot they desired. Such business practices were very frustrating for a population that expected high quality service quickly.

Staff at the OMNR wanted to create a new system whereby citizens could make campground reservations easily. They also knew that the government's financial and technological ability to invest in creating the necessary systems was weak. In such a fluid environment, it took time for the OMNR to finally decide on how to deliver its goals. There was resistance internally, but there was political support.

More challenging was the search for the right tools to deliver the new services. It was logical for the government to think of the private sector in improving campgrounds services. Since the late 1970s, the Ontario government had awarded contracts to private firms to manage some of the smaller provincial parks. One of the contractors was Camis Inc, based in Guelph, Ontario.

Camis won its first contract in 1979. Within a few years, it was managing two provincial parks and a municipal camp ground but was experiencing trouble in managing cash flow. Camis started to write software to create order out of the havoc of its accounting. At the same time, it decided to rethink reservation systems so as to computerize them. By 1981, 40,000 reservations were being processed by Camis software. Within a year, the software was sufficiently sophisticated to be used on site in the provincial parks Camis operated.

A year later, OMNR asked Camis to install the system, as a pilot project, in a provincially-run park. The government purchased the necessary computers and Camis supplied and installed the software free of charge -- with an understanding that the OMNR could be charged for the product in the second year if staff were satisfied with the product.

OMNR was satisfied. It bought a license to use the software and piloted it in the larger provincial parks. The software could do three things: integrate reservations, conduct registration, and improve the accounting. The net effects were quickly felt as paperwork was diminished and transactions were accelerated. By the mid-1990s, 200,000 reservations were being processed annually.

Aligning Capacity and Service Quality Objectives

By the mid 1990s, OMNR staff was convinced that campers would be willing to consider going to other parks if guarantees could be made for reservations. Lesser used parks could also benefit with a centralized system of reservations. But there was no way to validate these ambitions: It was impossible to find a similar practice elsewhere in North America. In Canada no province came close to Ontario in terms of camp size, use of technology, or scope of services. OMNR staff was breaking new ground (a few consultants were hired to scout this new territory, but they were of little help). Ministry directors knew that the only expertise on managing Ontario Parks was within their dedicated staff; they also knew that the project had to be outsourced.

The Ontario Public Service had downsized dramatically and staff capacity was stretched to the limit. Of course, the option of "muddling along" internally and to proceed independently was open. But there was a suspicion that the ministry's culture was not sufficiently open to innovation and that internal rules such as inflexible purchasing rules made creativity almost impossible. OMNR was reducing budgets, and staff was spending inordinate amounts of time dealing with customers and trying to satisfy complaints. Consequently, the organization of the reservation service was lagging behind, and policies and guidelines were not updated. The staff's ability to coordinate and implement was impaired.

Government job classification systems did not help. The simple task of hiring a reservation service coordinator, for instance, took two years before classifications were agreed to.

In the OMNR's estimation, the fit between what potential contractors were offering and what the Ministry required simply was not obvious. There was, naturally, serious resistance within the department to thinking that a private sector presence could be a help in streamlining the service, and not a confusing element that could potentially contaminate the rapport they enjoyed with their camping clientele.

In its search for ideas and solutions, OMNR would in fact issue three more RFPs (the last one in 1997) that were unsuccessful. Finally, in 1998, a RFP finally yielded an interesting proposal from Camis Inc. for a centralized reservation service. Camis Inc. won the demanding contract to provide services in time for the camping season's first "booking" day on April 1, 1999.

The objectives were clear:

- Installing hardware and software in 60 provincial parks.
- Creating an Internet site – a new tool – for people to make reservations and to showcase less busy parks
- Creating a call center

A Closer Look at the Collaborative Practices

Working through critical start-up phases

Through the 1998-1999 winter, Camis rolled out the technological components of the new system to parks across the province and trained Ministry staff as part of the implementation. In some cases, this was routine: 20 parks had used this software before, but close to 40 parks had never computerized. It was a demanding learning experience for many staffers in the OMNR. Suddenly the ministry was leaping from a paper-based approach to a sophisticated computer/internet system.

But things did not go smoothly. Camis had no experience in conceiving, let alone operating, a call centre. Simultaneously, the OMNR proceeded with its announcements that the website and Call Centre would be operational in time to open the 1999 camping season. The ever-supportive Minister was proud to make the declarations, but operations were stalling. Camis was undertaking a serious risk: it was doing work literally "as a preferred vendor", but without a formal agreement. The contract was not signed until the first camping season was over.

Camis opted to subcontract the service--with the full approval of OMNR--to an experienced call centre operator who boasted an excellent reputation in its ability to deliver a personable service to a needy clientele (it specialized in health insurance). The 1-800 numbers would be operational, and call centre staff would be ready, but the quality of service did not meet the expectations set by both Camis and the OMNR. Health insurance specialists knew little about camping in Ontario, and their failures of knowledge soon disappointed many.

Things got worse. The complicated display-data and maps-laden Internet site and services were difficult to deliver--there was no off-the-shelf product available, and the technology was not sufficiently reliable. Camis would not be able to meet part of its commitments: it would have to pay service penalties to the government. "We took a gamble," admits Doug Hall, the President of Camis, "we thought it was possible to do something--at least a text-based, rudimentary reservation system on the internet. We set our goals a little bit high – and paid a price."

Financing

The agreement agreed to between the OMNR and Camis Inc in 1998 was complex. In its essence, Camis provides an exclusive reservation system for Ontario Parks. It operates a call centre (based in Guelph, Ontario), and an internet service that allows clients to book camping sites on designated crown lands. Camis collects the fees and issues permits to the customers. Camis also provides software to the OMNR field offices that allows for a seamless network of transacting. Camis is responsible for upgrades to the software and for quality of service generally.

The Government of Ontario sets the fees that can be charged to the clientele by Camis. The remuneration for Camis is based on number of reservations and changes that it processes. The contract with Camis contains a 5-year fee strategy that specifies what it will be paid. Camis also has the right to charge campers a small, separate administration fee (again agreed by government). The agreement stipulated that fees would be re-evaluated in the fifth years of the contract (2003), along with performance standards and service credits

There is a link between revenue and performance in this agreement. If there are failures in the system, or newly found efficiencies, the agreement provides both penalties and incentives in the form of "service penalties" and "service credits" against moneys that the government owes Camis.

Camis's cost was based on forecast volume. It was agreed that the OMNR would pay per unit, not in a lump sum. Within that contract there were a number of performance standards, with respect to average-speed-to-answer at the call centre and quality control. The OMNR would assess performance through mystery shoppers and calls back to clients to survey them on their experience.

Camis also would assume risks: if the weather were not conducive to camping, it would earn less revenue. It would also be held responsible for losses due to staff errors: if mistakes were made Camis would have to compensate the loss on its own. Should a computer be lost or stolen in the field, Camis would replace it.

There was also a risk in cancellations. At one time, there was pressure put on the system by the clientele to install a cancellation policy--a policy that would entail serious operating costs for Camis and no revenue to the OMNR. The process of accommodation to this new practice was collaborative and was resolved to the satisfaction of both parties.

It was agreed that there would be are shared obligations. All communications to the public or to third parties must be done jointly. The reason is clear. If OMNR, for instance, decided to do a major publicity thrust without notifying Camis--possibly flooding the call center, a service credit might be owed to Camis to compensate it for lost opportunity.

Camis been a steadily profitable small company that had built up a good reputation with the Royal Bank of Canada and it was impressed with the business model that was emerging. Government payments were assured, so there was good security. The nature of the business also appealed to the bankers: Ontarians love to go camping, and crown camp grounds were reliable commodities. Finally, with these assurances, Camis negotiated a much larger line of credit from the RBC that would allow it to increase its capital and human resource investment as revenues came in.

No government funds were invested in this venture with the exception of performance bonds to secure the contract. (It is worth noting, however, that Camis has been able to take extensive advantage of scientific research tax credits. This has allowed the company to hire a larger software development team than what could be afforded otherwise.) OMNR staff was careful to make sure payments were made within the 30-day period. Staff at Camis holds this as a very important gesture that has strengthened the partnership. It is worth noting that government has a real interest in making sure that the invoices were paid. An unusual real interest penalty for late payments or non-payments was built into the contract.

The second contract of 2003 did not change the previous one in its essence, but OMNR insisted that fees and performance standards be changed. As part of the deal, Camis had to survey other jurisdictions to fix a competitive price and to adopt practices that were in keeping with standards in campground reservations across North America.

OMNR is in a unique position within the Ontario government in that it keeps the revenues its collects from Camis. 80 cents on the dollar paid is returned to the province and it pays for the full budget of managing parks. In other words, campers pay money that is reinvested in the services that they demand. In 1995 the revenue from campers was \$18.5 million. In 2004, revenue grew to \$45 million. The Government of Ontario had improved its service to campers dramatically without investing in the service. The OMNR's general budget, in contrast, has only grown by \$20 million since 1996 (from \$36 to \$56 million).

Planning around a business plan

OMNR and Camis never agreed to a formal business plan, focusing instead on the contract. On the Ontario side, Management Board guidelines requiring a business plan and central agency review were being carefully established in parallel with OMNR's working through its succeeding RFP's. The 1998 tender was in its final details when MBS insisted that it had to review the RFP. A business plan was written and submitted in the summer of 1998 with projected costs and benefits and the RFP was allowed to move in August of that year.

OMNR staff felt it was more important to see what potential funders had to offer in terms of business plans. Three serious vendors submitted proposals for the project and the decision was made to proceed with Camis Inc. The decision to choose Camis was made by OMNR directors. It was approved by the Deputy Minister and both the ministry and the new partner started work towards implantation.

It is important to note that this line of business is competitive, and that government decision to chose Camis did not make the Government of Ontario vulnerable to an operator who had a highly specialized, exclusive ability to conduct its affairs. Other jurisdictions, faced with services found wanting, have ended business relationships. Washington State Parks, for instance, ended a long-term relationship with a vendor in 2001. Government also has a tremendous asset: Ontario Parks are popular destinations that are attractive to business and could easily attract new partners.

It is also worth noting that two other companies have high-calibre reservation software that could accommodate OMNR requirements. The largest is Reserve America: they currently provide services to United States Federal Parks as well as Parks in the states of New York, California and Texas. The headquarters for Reserve America is Mississauga, Ontario. It is wholly owned by TicketMaster. The other leading company is based in Maryland, Sparks Inc. All of them could do the job.

The integrated project team

The work of realizing the bold plans fell to senior OMNR staff in Ontario Parks division and to the executive team at Camis.

On the Government side, work had to be accomplished to consistently support the new initiatives. Many internal regulatory hurdles had to be overcome and the work grew frustrating for staff.

An integrated project team was created, and a number of people worked on different tasks. OMNR staff paired with Camis personnel to work on communication material. The legal work required to codify the agreement between the government and Camis rapidly grew so heavy and complicated as to overwhelm both the time and the expertise of OMNR lawyers. An important Bay Street firm that had expertise in negotiating intellectual property, licensing agreements, service credits, and performance penalties was hired.

OMNR also had to prepare its ground staff in the camps and to ensure that the maximum amount of information on Ontario campgrounds be copied to Camis: an inventory of over 20,000 campsites that would have to be updated annually. At the same time, it triggered a transformation of the government's records: material had to be digitized. Half a FTE was assigned to this project while general liaison operations fell to three people.

The system of individual joint implementation teams (4-5 people) worked, and so did the intense work of liaison between the two. It was quickly decided that the information on both sides would be funnelled through specific individuals. All the members of the OMNR special implementation team were handpicked, based on their ability to work with a private firm.

Camis also had to make changes. The Vice-President of Operation's team was quickly built up with individuals who had worked as public servants who were well versed in both government operations and culture.

The contract also stipulates that the OMNR and Camis meet formally on a quarterly basis, but staffs work together almost on a daily basis. OMNR has a designated a highly competent ("our best and brightest") contract administrator who spends at least one third of her time on the Ontario parks government contract. Camis dedicated its VP-Operations to the liaison.

Dealing with disputes

The Government of Ontario required that performance reports be made quarterly with respect to complaints, telephone speed answering at the call centre, and general management. The agreement between the government and Camis included a dispute resolution mechanism to quickly resolve differences. This was critical because of the performance penalties and service credits that were part of the deal. Both sides estimated penalties and credits in relation to the call centre or the website not performing to expectations.

Over the years, there have been differences of interpretation regarding liability. A private mediator was hired to process the disputes. One issue took 18 months to resolve.

At all times, the Parks Division staff at OMNR remained the interlocutor on the government side. Ministry executives realized that they alone had the knowledge and experience with respect to the agreement. Assistant Deputies and the Deputy Minister were kept informed, but staff represented the ministry and gave testimony. The Camis President represented his firm.

This was being done as both Camis and the OMNR were trying to renegotiate the agreement. OMNR staff kept an eye on camp operations elsewhere in North America to assure themselves that their partnership with Camis was not depriving them of leading-edge practices. They recognized that their partnership was indeed meeting its goals and that mediation. Both parties had an interest in settling amicably. The dispute was resolved after a long mediation process, and the contract was renewed in April 2004 until the end of 2008.

Conclusions and Lessons Learned

Without a handy map of established practices, staff at the OMNR, like campers in Algonquin Park, slowly felt the terrain, sought bearings and measured distances. Along the way, they found a reliable guide in Camis Inc, and chose to travel part of the route together. There have been disputes and triumphs but an exemplary *entente cordiale* has emerged between the two. There are no guarantees in the affairs of the state, and both know that the future of their business arrangement is uncertain. Still, the experience of their partnership yields lessons on what can be accomplished when government chooses a private sector partner to deliver the right product to the right people at the right time.

The prediction of success was borne out.

- Camis delivers to Ontario Parks a clientele over 750,000 people that pay to enjoy nature's bounty and to make as full a use of the camping inventory. It manages over 300,000 reservations annually and approximately 80,000 reservation changes and cancellations a year.
  – Clients have been directed towards lesser known parks (usage has grown by an average of 35 per cent). Reduced concentrations have resulted while the business of renting campgrounds has continued to grow.
  – Camis fields over 350,000 calls annually, taking an average of 16 seconds to respond to a call. In a recent survey of call centre performances, Camis recently placed second out of 18 call centres in Canada.
- Accountability is demanding and performance requirements are exacting.
- OMNR and Camis are sharing information, hold each accountable in a direct way, have adopted and used a dispute resolution process. At the same time, lines are open for communications. Both sides have built up capacity and staff are committed to respond to issues quickly.
- Both parties have spent a lot of effort on contract administration--both to ensure that the obligations were lived up to, and to ensure that the deal did not enshrine poor practices.
- Both parties agree that Camis was responsible for many of these good collaborative practices. With its innovative approaches and tireless can-do attitude, it proved to be a flexible partner patient with the pressures only public service providers can be subjected to. The software innovations they introduced to the practice of campground reservations made the Ontario parks. OMNR staff is convinced that "the only reason we are successful is because we bought the Camis software engine."
- From a managerial perspective, it is worth noting that the agreement was hammered out by public servants with a passion for experiencing the outdoors, not by a procurement department. The contract was driven by people who had actually to live with the contract.

Managing Service Transformation Relationships

Building an Integrated Land and Resource Registry in British Columbia

Summary

This case study focuses on innovative ways in which the British Columbia Ministry of Sustainable Resource Management (MSRM)[14] has worked with a series of IT vendors (including Fujitsu Consulting[15] and Sierra Systems[16]) and a large number of internal government agencies to create a unique integrated land and resource registry (ILRR) covering all the Crown land in British Columbia. This is a work in progress with the first phase of the new registry scheduled to be rolled out in early April, 2005.

There are a number of interesting public-private collaborative practices to observe in this case study. The most noteworthy are:

- building strong political and bureaucratic leadership;
- developing a consensus business plan before making a major commitment to the development and implementation of the registry;
- matching the contracting approach to the particular problem;
- maintaining open, transparent relationships with potential and contracted private sector vendors throughout the course of the project;
- sustaining open, transparent relationships with partner ministries and agencies to ensure the project meets their business needs.

Background

The Province of BC administers a large and increasingly complex mosaic of land and resource tenures over Crown land, each with its own uniquely evolved administrative systems spread across 19 different public agencies. The complexity and technical and administrative isolation of these separate systems results in substantial costs for government, substantial risk and significant obstruction of economic development and environmental management.[17]

After the election of the new Liberal government in June, 2001, MSRM was set up to coordinate and manage the land use planning process and organize the geographic and spatial information that supports land use decision-making. In July, 2001, the Ministry was mandated by the Premier as part of the new Government's "New Era" commitments to create a central registry for all tenure and other legal encumbrances on Crown land and resources.[18] An integrated land and resource registry for BC would be a spatially enabled, efficient and accessible electronic register of all legal interests in Crown land and resources designed to serve the business needs of a diverse set of users and clients.[19]

This new registry was intended to:

- enhance the decision process efficiency with respect to Crown land and resources.
- provide a more competitive business climate to foster investment.
- improve the delivery of information services to clients.[20]

This case study focuses on the initial phases of this project where the objectives were to:

- design and implement an integrated system of registries (including a business architecture re-design), and
- outline an implementation plan and initiate the building of a new system meeting government's expectations for a single registry that is accessible, efficient and affordable, thereby securing public interests in effective land and resources management.[21]

After July, 2001, Land Information B.C. (formerly the Registries and Resource Information Division), MSRM, contracted for a series of reports designed to push the project forward. An initial assessment by Daryl Brown and Associates[22] provided to MSRM in November, 2001, concluded that this service transformation could not be effected without the formation of collaborative relationships with one or more specialized private sector firms and the owners of the data in 19 different ministries and agencies across the B.C government. It also concluded that there was no simple information technology solution to this problem as the determination of ownership and rights for a parcel of Crown land required converting many transactions into registry-like spatial and attribute information which would have a high degree of geographic certainty, function with simple registration procedures and be easily accessible to the public and other stakeholders at a reasonable cost.

In addition, the complexity of transactions leading to land and resource rights was increasing daily as the various land and resource agencies transformed their processes in response to business needs. [23]

MSRM contracted in May, 2002, with Fujitsu Consulting to complete the business strategy and transitional plan for an integrated registry project. Fujitsu developed a detailed analysis of the business requirements prior to designing and developing the technical system to support the proposed ILRR. The Business Strategy proposed by Fujitsu in October, 2002, documents the best practices observed elsewhere, the conceptual solution and the reason for adopting this solution in preference to other alternatives. The Fujitsu Transition Plan identified projections and priorities to transform the business architecture to the end state described in the business strategy. The plan defined an approach, key work areas, potential risks, and business relationships and outlined budget and schedules.[24]

In April, 2003, Lime Kiln Group[25] provided a business plan that outlined the tangible and intangible benefits of the ILRR to specific ministries and agencies and to government overall. Also in April, Fujitsu completed an assessment of data quality for the key ILRR datasets (e.g. Crown cadastral fabric, Crown land tenures, forests, sub-surface tenures, water rights, archaeology sites and parks).[26] The report refined the effort and costs that would be associated with the crucial task of data cleanup and provided some initial direction for subsequent data quality management and cleanup activities. This was followed by a supplemental report in September, 2003, assessing the land records information systems used and managed by two major stakeholders, the Ministry of Transportation and the Ministry of Forests.

In August, 2003, the Ministry's Integrated Registry Branch put out a Request for Proposal reflecting the recommendations in the Business Strategy and Transition Plan done by Fujitsu. The proposal sought for two key products for Phase I of the ILRR.

[14]The primary responsibilities of MSRM are:
• Effective delivery of integrated, science-based land, resource and geographic information
• Timely decisions for sustainable land and water allocation and management
• Corporate leadership to land and water resource policy, planning and integration.
See: http://www.gov.bc.ca/bvprd/bc/channel.do?action=ministry&channelID=-8393&navId=NAV_ID_province

[15] Fujitsu Consulting deliver[s] business solutions that drive clients' market leadership by ensuring IT investments are aligned with business strategies. See: http://www.fujitsu.com/ca/en/services/consulting/

[16] Sierra Systems Group Inc. integrates business and technology to help clients achieve practical, measurable long-term results from their information technology investments. See: http://www.forteconsulting.ca/news/ILRR_Aug04.html

[17] See ILRR Summary at http://srmwww.gov.bc.ca/irp/overview/summary.html

[18] See ILRR Project Documentation, An Integrated Registry for Provincial Land and Resource Encumbance Information-Development Plan, page 1 at http://srmwww.gov.bc.ca/irp/Documentation/Background/Development%20Plan.pdf

[19] See ILRR General Project Strategy at http://srmwww.gov.bc.ca/irp/overview/strategy.html

[20] See ILRR, at http://srmwww.gov.bc.ca/irp/

[21] See ILRR General Project Strategy, at http://srmwww.gov.bc.ca/irp/overview/strategy.html

[22] See ILRR Project Documentation, An Integrated Registry for Provincial Land and Resource Encumbance Information-Development Plan at http://srmwww.gov.bc.ca/irp/Documentation/Background/Development%20Plan.pdf

[23] See ILRR Summary at http://srmwww.gov.bc.ca/irp/overview/summary.html

[24] See ILRR Project Documentation, Business Strategy and Transition Plan at http://srmwww.gov.bc.ca/irp/Documentation/Background/business_strategy_transition_plan.pdf

[25] Lime Kiln Group provides "navigational insight for the business of government and technology." See: http://www.limekiln.com/

[26] See ILRR Project Documentation, Data Assessment Report – Phase 1 at http://srmwww.gov.bc.ca/irp/Documentation/Background/Data_Assessment_Report%204.pdf

- Business Requirements including a statement of high level business requirements, a statement of systems goals, objectives and principles; and, a business process description that would document current land and resource rights registration processes and how to best connect them to an Integrated Land and Resources Registry.
- Systems Architecture including a business process model, a logical data model, and the application and technical architecture that would document the information technology requirements of the ILRR itself, and provide the initial blueprints for information.[27]

In October, 2003, Sierra Systems was awarded this contract and became the lead contractor for the design and implementation of the ILRR. The first phase of the development, which demanded extensive stakeholder consultation, was completed in February, 2004, and, shortly after, the Ministry's Executive Steering Committee (made up of all the assistant deputy ministers of the partner ministries and agencies) approved the Business Requirements. The System Architecture document was presented by Sierra in May, 2004, and was quickly approved by the Ministry. It set out a four stream approach to Phase 2, focusing on clarifying legal requirements, designing and building the registry system, implementing the system in the north-east part of the province and further work on data management.

In July, 2004, Sierra delivered a plan for making the first phase of the project operational for registering the rights and interests on the land and resources in northeast B.C. by April, 2005.[28] That plan was approved and Sierra commenced work with the Ministry and stakeholders on the deployment of the ILRR.

The first phase of the deployment is on schedule and the plan is to incrementally bring the entire system on stream for all of the Crown land and resources in the province by 2007, when the ILRR will become the legal registry of all legally granted interests in Crown land in British Columbia.

A Closer Look at Collaborative Practices

This project illustrates a number of key lessons about building successful relationships between public sector service transformers and IT vendors. Let's start with some of the more obvious ones.
Strong political and bureaucratic leadership

This project and the relationships it spawned with IT vendors had substantial support from the executive of the Ministry, key central agencies and the Premier's Office. This project was part of the Premier's core policy agenda and he instructed the Minister of Sustainable Resource Management to rationalize the numerous land and resource inventory information systems to create a central registry for all land tenures and other legal encumbrances on Crown land and resources. In addition, in the early stages of the project, Lime Kiln's Business Case Report raised the possibility of referring to the project as a form of alternative service delivery (ASD), focusing on the bundling of a large amount of information about Crown land and the provision of electronic access to that information. Allison Bond, Assistant Deputy Minister, Land Information Services Division, began referring to the project in this manner attracting more attention and support from the Alternative Service Delivery Secretariat in the Ministry of Government Services and the Purchasing Commission.
Throughout the project, Allison Bond has worked hard to keep the project as visible as possible, drawing on the ASD Secretariat when she feels the project is losing support from key stakeholders. As one participant put it: "she can call over to the procurement people in the centre and say, 'I've got an ASD. I'm having some issues because someone's not toeing the line'. People also know that she can do this, and it gives strength and confidence to the managers of the project." Even with an election looming in May, 2005, the registry has remained a priority with political and bureaucratic leadership at the centre of government.

Getting the business plan right

Ministry officials spent considerable resources and time developing a business plan for this project that would provide the Ministry executive, central agencies and cabinet with a high level of confidence about the nature of this service transformation and the best way to affect it.

At the outset it was far from clear what this service transformation would look like and how best to make it happen. Many projects like this have failed because an agency has rushed forward without working out where it was going and who it should take along for the ride. The series of consulting studies done over a two period beginning in mid-2001 clarified the nature of the system required for the ILRR, the challenges that would confront its development, the most appropriate role for IT vendors and the likely overall costs. Most significantly, the Business Strategy and Transition Plan provided by Fujitsu Consulting in October 2002, suggested that, while the ILRR represented an important initiative, there was a question as to whether or not there was a private sector partner that would be willing to invest in and buy the system—a point the government, preoccupied at that point with fostering more public-private partnerships, felt was very significant. In most partnership proposals of this type, there is already a system in place and the vendor can come in, take it over, and develop and manage it. However, in the case of the ILRR, there was no system already in place. Fujitsu suggested that the Ministry needed to start building the system, and at that point it will be more clear exactly what the system would look like, how much it would cost, what benefits it would offer, etc.

Fujitsu's subsequent Data Assessment Reports clarified that rather than costing $4 million, the ILRR was likely to cost more approximately $14 million—much of this extra funding required to deal with data quality issues. The Ministry didn't have that kind of money, so the question was: how can we package this proposal to make the private sector invest in it? There was a push-back from the various land and resource agencies who really weren't keen on private sector control of the ILRR. They were concerned about bringing in private IT vendors who would impose on the agencies their own process for developing a system with the result that the vendors would control the business processes and would receive the major downstream benefits (including charging fees for the data and service). Instead, the stakeholder agencies indicated that they would support the Ministry if it went to the Treasury Board and demonstrated that an integrated Ministry run system would save government money and even increase revenues to government by facilitating faster regulatory decision making and, therefore, more business activity. MSRM agreed to this approach, but also required that the various agencies support MSRM's Treasury Board submission as it went before the Board.

This view prevailed. So because of this 'stepped' process of developing a business strategy, involving a series of reports from consultants and intense consultations with stakeholder agencies, a business plan emerged that made sense. This plan was widely supported and provided the confidence necessary to launch a creative RFP to establish a longer term relationship with one IT firm for the design, development and implementation of the ILRR system.

The mixture of traditional and more flexible contracting

This project has a strong innovative image not only because of the system being created but also for the way it is being done. An observer of the contemporary procurement reform movement in the B.C. public sector might assume that this project would reflect the adoption of some variation on the Joint Solutions Procurement approach being developed.[29] Indeed, in the early days of the ILRR, the government was looking for a new model of strategic procurement. But--except for the most recent actual design and build phase of the project--the relationships between the Ministry and the various IT vendors had been based on rather traditional short term contracts in which the vendors are producing agreed upon outputs for a set price.

One of the participants referred to the more recent contract arrangements with Sierra as a "JSP light" The relationship has elements of a shared-discovery approach in which the Ministry selects a dance partner (as opposed to looking for someone to provide a specific outcome) with which it can work together towards an effective solution. There is flexibility with respect to issues, such as when the required levels of data accuracy and completeness can be achieved, the changing priorities and practices of stakeholder agencies, and the nature of the outcomes that can be produced by certain dates.

Each phase of the contract would have the ability to evolve as was needed. For example, Phase 2 was written so that 'quarter 1' was very specific in terms of the objective; but then, the Ministry and Sierra would meet and determine what 'quarter 2', 'quarter 3', and 'quarter 4' would look like. This system provides comfort and confidence to Sierra; meanwhile, the Ministry avoids being inundated with frustrating change requests. But it is far from an open-ended contract. The Ministry already had an idea of where the project was going, and the relationship was still structured within a very traditional contract model (i.e. where Sierra has no stake in the project financially). Goals are not being set too far ahead.

The contract 'chunking' method is being used which allows for minor course corrections along the way, but the contract still contains the typical checks and balances (e.g. open accounting systems, generic status reports for all concerned parties posted on the web that address issues for both Sierra and the Ministry) along the way to make sure the Ministry is getting value for every invoice that Sierra sends. There is very little of the outsourcing of responsibility associated with a public-private partnership. The Ministry is in charge. If this is a winding road of discovery, it has lots of check points.

Open communications with collaborators

The unique open communication style of the relationship between the Ministry and the IT vendor community interested in this project arose almost out of necessity at the outset of the project. The Daryl Brown report offered some initial insight into the challenges the Ministry faced. None of the leading IT vendors had an appropriate solution for the registry problem. In reality, the Ministry still didn't know exactly what it wanted. This represented one of the first major obstacles to overcome. They began determining the parameters of their objectives so that an RFP to design and build the registry could be developed. Basic issues about how the technical architecture would function and how the system would work with those of other land and resource agencies had yet to be answered.

The circle of players involved in the design and build of the RFP was widened to include other branches within the Ministry, the stakeholder agencies, the Purchasing Commission, and (most intriguingly) the entire group of potential IT vendors. The goal was to get as much information and input as possible in the early stages.

The development of a website (an early version of the current ILRR website[30]) was already underway making even the early stages (for example, the Daryl Brown report) of the project open to interested vendors, stakeholders and the public. This represents a contrast in many ways to what often takes place in public/private relationships: that is, the Ministry didn't just focus on one or two vendors (those with whom they were comfortable) to the exclusion of others. Because the Ministry was trying to figure out what it wanted (i.e. exactly what this registry would look like), the dynamic of open communication and

[28] See ILRR Project Documentation, Phase 2 Project Statement at http://srmwww.gov.bc.ca/irp/Documentation/Background/ILRR_Phase_2_Project_Statement_July_1_2004_Version_1-0.pdf

[27] See ILRR Project Highlights at http://srmwww.gov.bc.ca/irp/Activities/highlights.html

[29] For information on the B.C. variation of JSP, see the following:
- http://www.pc.gov.bc.ca/psb/flyer1.htm
- http://www.saip.gov.bc.ca/satp/Joint_Solutions.htm
- http://www.saip.gov.bc.ca/satp/JSP%20Downloadable%20Release.pdf

[30] Available at http://srmwww.gov.bc.ca/irp/

information sharing was encouraged from the very beginning—all options were considered. Eventually, all the consultant reports and ministry progress reports were made available through the Ministry's website. The website was significant in setting the precedent for the level of transparency that makes this case stand out.

During the early stages of the project, things were happening in the background that helped spur innovative thinking around communications and information sharing between government and industry. Key government leaders in the areas of ICT, strategic procurement and alternative service delivery were already well connected with a private sector ICT group made up of vendors including Sierra, EDS, IBM, Fujitsu, and Telus. This encouraged information sharing between sectors about key projects.

The decision to utilize the Purchasing Commission to manage the contracting process was an important one as it signaled the Ministry's intention to open the project up to all possible vendors rather than to focus attention on one or two preferred vendors, and have the RFP tailor-made for them. The Commission acted as the neutral party which helped avoid personal issues of perceived favoritism and hard feelings (an important point for working relationships considering Sierra lost the first contract, but would win future ones). Debriefings were provided to the losers in competitions for the series of contracts so they could understand exactly where they were strong and where they fell short. This was an important component of keeping the exchange of information and potential for opportunities completely open. While Fujitsu won the initial contract, the Ministry was very open with Sierra and other potential vendors, keeping them abreast of what was going on in the project's development and clarifying future opportunities to bid.

The emphasis on communications and information sharing has continued into the design and build phase of the project. In this phase, the focus is on structures and processes designed to facilitate communications and teamwork between the Ministry and Sierra (including the latter's private sector partners). The governance instruments being used include:

- Weekly Project Management Team meetings
- Regular updates and presentations to ADM/Executive/Minister/Caucus
- Steering Committee, Project Advisory Committee, and Task Force/Working Group meetings
- Ongoing updates to a variety of existing ministry working groups (e.g. Land Information, BC Client Council)
- Client AGMs/surveys

Project status reports have become important communication tools in this project governance structure.[31] The reports are created by a project management team made up of the consortium of companies (Sierra, as well as OA Solutions and Forte Consulting whom Sierra brought on board early on to strengthen their response to the original RFP) and the Ministry (members of the business and IT groups). This team meets on a weekly basis and all the status reports, risk reports, relevant issues, legal questions etc. are dealt with by that team. The project management team represents the hub of communication for the initiative.

Sierra representatives (and in earlier days, previous contracted vendors) play an active part in both Steering Committee and Advisory Committee meetings. The Steering Committee, chaired by the assistant deputy minister, deals with the business and political aspects of the project while the Advisory Committee, chaired by the ILRR Project Director, MSRM,, deals with technical aspects of the project. Both the responsible Ministry employees and Sierra representatives have worked hard to create an environment in both committees in which there is a free exchange of information among all in attendance; Sierra stresses that the development of trust between the two groups has been key. Sierra wants to make sure that when they make a suggestion or request a change, they are not leaving the Ministry with the impression that they are simply trying to do less work. There is a trust between the groups that each is acting in the best interests of the project.

Contributing to the element of trust between the two groups and strengthening the relationship has been the movement of employees to each other's sites, Sierra asserting that they have Ministry staff spending anywhere from a third to half their time in Sierra's office. Particularly with regard to the design and testing processes, there has been lots of cooperation and very close work undertaken by the two groups. In terms of data, the Ministry has been very open with Sierra about where they have holes and have had no reluctance in allowing Sierra to involve Ministry staff in their work.

Focusing on stakeholders

As the earlier business planning discussion made clear, a critical element of the success of this collaborative relationship has been the capacity to turn the stakeholder agencies and users of the new registry into supporters of the project. The consultative practices employed by both Sierra and the Ministry in the design and build phase have been crucial to the successful on-time and on-budget delivery of a system that appears to meet the needs of all users. A key feature of these consultations has been the same open approach to transparency and information sharing that characterized the Ministry's relationship with its IT vendors.

The Ministry made working with stakeholders a central part of the RFP for the design and build phases of the project. Strong facilitation skills were evident in Sierra's winning proposal. (I thought we had a copy of both the RFP and proposal, but I couldn't locate either. I don't think there is any e-link to them anyway.)Sierra's response involved a very iterative and consultative process due to the nature of the stakeholders: 12 "interest granting agencies", a number of other "non-interest granting government organizations, over 20 different business users (including the law society, surveyors, utilities, miners, trappers, petroleum groups and First Nations, for example) associated with approximately 250 possible rights and interests on land resources that needed to be addressed within the registry. From Sierra's perspective, it was critical that they approach the task with nothing but workshops for the first several months. This helped to gather the required information and build consensual business practices. Thus, Sierra's success in getting the ILRR contract was influenced by their approach to openness and information sharing—i.e. carrying on the level of transparency and information sharing the Ministry preferred.

Sierra's communication strategy for the project was consistent with the requests of the stakeholders to avoid focusing too much on the IT issues associated with the project. As the Sierra strategy states, "[m]any organizations expend a lot of time, money, and energy to design and develop the technical side of their new systems. However, they often pay scant attention to implementation—the people side. The result? The people most affected by the new system—your user community—are the least involved in planning implementation strategies and techniques."[32] Specifically, the Sierra strategy deals with the issue of engaging stakeholders during project development and focusing on change management and communication. Sierra argues that the willingness of these stakeholders to accept the change management and communication strategy has been crucial to the progress of the project.

This strategy included several workshops at the front end of the development process designed to enhance the consultation process. The approach itself was not so unusual, but the extent certainly was—it was a far reaching 'horizontal initiative'. One aspect of Sierra's approach has been to assure interest granting agencies that they do not lose control over their responsibilities regarding the land. To achieve this, the project has been represented to some stakeholders as a business solution (with IT as an enabler), rather than as a service delivery transformation. Stakeholders are invited to look at the data available in the registry and use it in their own system if it works for them.

Down the road, there may be shifts in functionality that will allow the registry to support some stakeholders' processes. This step by step approach has been important to fostering stakeholder confidence. The Ministry reinforces this point by emphasizing the importance of assuring stakeholders that they are still the decision makers concerning their interests: the ILRR has nothing to do with making decisions; rather, it helps support decisions made by the stakeholders themselves.

This point extends to the participation of stakeholders. For the workshops, Sierra has testers and lead staff from each stakeholder coming in and taking part so that they can go back to their respective groups and inform their staff of the consultation and design process that's coming at them. The goal has been to develop champions, known as Primary Sponsors, within each stakeholder agency. These champions take part in the workshops, acting as "change champions" who promote the use of the ILRR within their own agencies.

This consultative approach is mirrored within the Ministry. Early on in the process, the decision was made to run this project from the business area and not from the IT group. The leadership and staff of the Ministry project team are strongly focused on project management, consultation and open communications. They see a real need to involve everybody likely to be affected by the project. They don't see it just as a Ministry project. They want the project to be driven by the clients, both internal (other agencies—a list that keeps growing as new potential uses for the ILRR are realized) and external (the general public and industry groups).

The project team, working with Sierra, has spent a significant amount of time with each stakeholder, assuring them that they are not out to change the stakeholder's business processes and that they are not asking for money. The main concern is data quality. The project team needs to fix data, organize it and make it consistent across the board. The Ministry representatives present themselves as trying to help stakeholders to do their businesses more effectively and this encourages the stakeholders to work with them.

Conclusion

The biggest achievement of this public-private relationship is that the first phase of the ILRR is about to be deployed on-time and on-budget. The practices employed by the Ministry from the outset and then the Ministry/Sierra project team greatly enhanced efficiency, created a stronger, more productive working environment, and resulted in a better product.

Without a doubt, the communication and information sharing strategy associated with this project was crucial to the service transformation initiative. Both Sierra and the Ministry stress that the biggest challenge they faced was that nothing like this had been done before: there was nowhere to look for insight, or any experiences and mistakes to learn from. In effect, both parties were feeling around in the dark. This meant "chunking" the project and re-evaluating the progress after each phase. It also meant putting in place mechanisms to foster open communication and trust between the Ministry and Sierra, as well as the many stakeholders.

The Ministry emphasizes that both the cause and the effect of this open communications and trust is that MSRM and Sierra represent one project team; meaning, in terms of the day to day operations, there is no 'we're the Ministry. You're the contractor'. It is run as a single project team. The Ministry and Sierra (and their subcontractors) work very much as a group; there are very few boundaries. There is minimal direction; rather, it is a collaborative (and fun) environment: the relationship extends beyond work and includes social events.

[31] For examples of these status reports, see http://srmwww.gov.bc.ca/irp/Activities/updates.htm

[32] See Sierra Systems, *Implementation Services Overview* at http://www.sierrasystems.com/NR/rdonlyres/5B7322C8-FDAA-435F-BEE0-F8E2DC8152B6/0/SOBrochure_ImplementationServices.pdf

Both sides are quite proud of what the project has accomplished. Both feel that the approach they have adopted is worth repeating. Only small changes were suggested. While Sierra emphasizes that there was significant involvement from the stakeholders in the beginning, they would like to have had that increased even more. The reason is that Sierra was dealing with the managers and other leaders within the stakeholder agencies, as opposed to the staff within their planning and statusing departments. While the latter group was eventually accessed, they could have impacted some of the design, recommendations, and requirements at the beginning. But Sierra and the Ministry adapted. When the importance of this group's role in the project planning was realized, both Sierra and the Ministry were completely comfortable in making the required changes to accommodate their input.

In order to assess if and how these collaborative practices could be reproduced, it is important to look at the factors that have been keys to the success of this collaboration. As mentioned, the biggest challenge facing the Ministry in undertaking this project was that nothing like the ILRR existed already—i.e. there was no ready-made, plug-in system available, or even an existing template which could be observed and learned from. As a result, there was a certain amount of risk involved to the vendor who took on the task.

First, the vendor had no idea what the system would look like and would have to start from scratch. Second, there would be potential legislative issues involved with the process in later phases. These take time and can create significant risk. Third, there was the issue of data quality: dealing with the registry's data has been a monumental task, and if it does not have good data, people will not use the system. The project's leadership was sensitive to these issues. They created a governance structure early on that would allow for constant re-evaluation and an ability to adapt. The goal of the Ministry has been to have all the cards out on the table throughout the project. By having realistic expectations regarding both the project and the vendor, the Ministry created an environment where information flowed freely. The result has been a very tight, unified project team that gets things done properly.

The ability to establish trust between the two groups (and the stakeholders) was crucial for a type of service transformation initiative that had never been attempted. However, the value of the communication and consultation practices which marked this case are clearly not limited to it alone. Other B.C. ministries are already picking up on the methods used by MSRM. We think they will have appeal outside of British Columbia.

Managing Service Transformation Relationships

City of Winnipeg – The Connexus Project

Background[33]

Manitoba's Capital, the City of Winnipeg is home to approximately 620,000 residents (2001 national census data). The City administration's overall spending budget for the fiscal year 2002 was $995 million. Within this amount, the Corporate Information Technology (CIT) Department operated on an annual budget of $15 million (excluding new capital investment and infrastructure, including the Connexus project reviewed here).

Accountable to the City CIO (who, in turn, reports directly to the Chief Administrative Officer, CAO), CIT acts as an internal service provider for the local administration – providing program and policy development support and specialized services for individual administrative units. In recognition of the need to renew the City's internal business systems, capital funding had been set aside annually since the mid 1990's. Given that the City was able to manage Y2K compliance without full system replacement, the City had determined that it was then able to develop a sound business case and strategy for the best utilization of these capital funds for future objectives and capacity requirements.

[33] The materials in this section of the case are drawn freely from project summary and quarterly update reports prepared by City staff for presentation at Council: they are available online via the City's web-site: www.winnipeg.ca.

These efforts culminated in the adoption and approval in 2001 of a new Information Technology structure for the City's administration. According to the final report outlining the corresponding IT Strategic Plan, the new technical environment envisioned is one that presents "great opportunities":

> *The City is embarking upon an era of e-government: using technology to transform the way it does business. Every internal and external function stands to benefit, as information technology enables us to streamline and integrate our work processes. The results will be better service, greater government accessibility, and better administration – good for citizens and staff alike.*

A key dimension of this new framework is resource management – the systems that provide the 'infrastructure' for the City to manage its resources so that departments can concentrate on addressing business objectives. In particular, the City undertook the decision to focus on integrating core systems including: human resources, finance, budgeting, procurement, and inventory management.

The IT Strategic Plan points to their integration as the "essential foundation for effective service delivery, e-government and for operating in an e-commerce environment." In moving toward a more integrated and streamlined resource management system, several priorities were identified including:

- Improving the City's financial planning and review processes;
- Integrating business planning and budget processes;
- Providing systems to help manage anticipated change in the City's workforce;
- Reducing the number of diverse computer applications that duplicate functionality and require a larger number of interfaces; and
- Providing employees and managerial self-service.

Accordingly, within this context the City embarked upon its Connexus initiative to upgrade, streamline and align resource management systems on a government-wide scale.

A Closer Look at the Collaborative Practice(s)

There are three inter-related dimensions to the collaborative practises between the City and its industry partners revealed by this case study:

- First, the successful completion of the Connexus initiative is owed in large measure to the establishment of an initial planning framework through collaborative efforts with outside, external parties – prior to engaging in the project itself;
- Secondly, the Connexus project demonstrates the potential for developing a shared business plan and project charter between the government client and private sector partner, including the sharing of risk;
- Finally, the case study illustrates the importance of relationship building between government and industry – particularly in an environment where industry involves a consortium of companies contributing to the final deliverables.

Prior to beginning the contracting process for Connexus itself, the City of Winnipeg undertook an independent examination of the organization's needs in order to determine the most suitable and appropriate way of proceeding.

In September 2000, a report was submitted to the Standing Committee on Fiscal Issues seeking approval to issue a Request for Proposal (RFP: 867-2000) for consulting services. These services were intended to provide assistance and advance to the City of Winnipeg in the early stages of planning, scoping, business case development, resourcing, project management, senior management project orientation, ongoing governance and contracting as it prepared to initiate a city-wide business systems review.

The RFP closed on October 6, 2000 and Gartner Consulting was awarded the contract for the RFP in the amount of $727,539. The efforts undertaken by Gartner have been described by City staff as a "huge success factor" in facilitating the subsequent and successful completion of Connexus. City officials point to this 'independent examination' (roughly a five month process) as a foundation for determining the initial parameters of technical, organizational and financial requirements. On the basis of this independent evaluation, the City made the decision (with the approval of Council) to proceed with Connexus and work began on subsequent phases.

This subsequent phase of work most prominently featured a two-stage process of vendor selection – by which the first phase selected a private company to develop – in concert with City officials, a detailed business plan of the Connexus project. The major purpose of this plan was to establish up front a workable project structure in terms of costs, implementation and expected performance benefits once implemented.

In July 2001, a report was submitted to the Standing Committee on Fiscal Issues seeking approval to issue a RFP for the provision of a business systems solution to perform the City's Human Resource/Payroll, Financial Management, and Purchasing/Inventory Management functions across departments.[34]

In February 2002, a report was submitted to the CFO seeking approval to award a contract to Deloitte & Touche LLP in the amount of $445,000 (plus GST) for the Pre-Implementation Planning Work pursuant to the Connexus project. Proposals were evaluated, using a highly participative and intensive process, which considered such areas as Business Application, Operational Value and Usability, Implementation, Technology and Price. The evaluation was premised on the complete Connexus solution, including all project phases.

The Pre-Implementation Planning contract was awarded to Deloitte & Touche LLP. It was intended that if the outcome of the Pre-Implementation Work resulted in a positive business case for the Connexus project, it would be recommended that a contract be awarded to Deloitte & Touche LLP for the Implementation Services Work pursuant to RFP 530-2001.

The Pre-Implementation Planning Work includes the following deliverables:

1. Final Business Case – including a detailed mapping of the strategic benefits of Connexus and a quantitative, financial analysis of the project;
2. Definition of the project scope including key modules and their inter-relationships; and
3. Project Timeline (from start-up in June 2002 to completion in March 2004).

Based on the positive business case outcome, it was recommended to proceed with the next phase and award the contract to Deloitte & Touche LLP for the implementation of a fully integrated cross departmental business system to perform the City's Human Resources, Payroll, Time and Attendance, Inventory, Purchasing and Finance functions.

Deloitte & Touche LLP thus served as the prime implementer on the project and guided the efforts of Compaq Canada and PeopleSoft Canada. Compaq Canada supplied the necessary hardware and PeopleSoft supplied the necessary software. Contracts with each firm were as follows:

• Deloitte & Touche LLP	$13,161,980
• PeopleSoft Canada Co.	$ 6,875,252
• Hewlett Packard Canada Co.	$ 1,638,199

As noted, the decision to undertake a pre-implementation phase of preparation with an outside party is viewed by City staff as an essential factor that underpinned the eventual positive completion of Connexus both on time and within budget. In particular, the independent evaluation undertaken by Gartner was an intensive process of approximately 5 months that enabled the City to develop a strategic understanding of its needs, objectives and options for achieving these objectives.

The exercise was based on the formation of an Alignment and Directions Group of senior managers from across the organizations (including those responsible for overall IT governance). Discussions began with broad consideration of the contextual challenges faced by the civic administration: "what is enterprise resource planning and why does it matter, became a question that guided the collective education process of key internal stakeholders.

The process also included an examination of other examples to learn from experiences elsewhere, and it enabled senior staff to gain a comfort level with the underlying purpose and rationale for Connexus, as well as the expected benefits for the City as a whole in meeting its proposed e-government transformation (as outlined in section one above).

One important element of this pre-implementation phase included the usage of the "total cost of ownership framework" proposed by Gartner as a methodology to gauge upfront investments as well as downstream cost and benefit flows. This framework enabled City staff to know the numbers prior to beginning the RFP process for both establishing the Connexus business plan and implementing the new integrated resource system.

With respect to the subsequent, second phase of collaborative activity with the private sector, the City's initial RFP for Connexus resulted in the hiring of Deloitte Touche to develop a business plan that would demonstrate the potential for successful implementation within agreed-to financial structures. From the outset, it was determined by both parties that if this initial agreement proved successful, the subsequent phase of implementation work was to also be awarded to Deloitte Touche (and its consortium parties as determined in the initial business plan).

Accordingly the second critical success factor (with respect to collaborative practises) focused on what became an effort to co-develop this business plan through the formation of a project charter that would allow for 'shared ownership' of the business case. Moreover, this shared ownership translated into effective contracting structures to provide both agreed-to objectives and a clear delineation of roles and responsibilities.

City officials point to open communication, information sharing and transparency between parties as the essential ingredients of this phase of work – in order to truly bind both parties through both formal contracting ties as well as a less formal but equally important element of trust to guide efforts forward. From the perspective of City, this emphasis on a jointly defined project charter was regarded as a unique and highly consequential aspect of this initiative.

An essential dimension of the project charter and eventual contracting framework proved to be the financial budget. Importantly, Deloitte Touche committed to a fixed fee structure for completion of the work – at a level agreed to in concert with City officials who, in turn, were guided by the earlier preparation and evaluation completed by Gartner. Both parties determined that the agreed, overall budget limits for the project would enable positive completion within the timeframe sought by the City.

Nonetheless, as is well known by those involved in IT management, circumstances change and uncertainties cannot entirely be accounted for prior to the undertaking of implementation. Recognizing these realities, both the City and Deloitte Touche agreed to a risk-sharing mechanism through the establishment of a mutual contingency pool of financial resources for unexpected costs. Deloitte Touche committed a 10% contingency of its fixed fee and the City retained a similar contingency amount in its own project accounts: by project completion, both contingency pools were fully utilized.

[34] The Chief Financial Offer was authorized by the Standing Committee on Fiscal Issues on July 3, 2001 and the Executive Policy Committee on July 11, 2001 to award the Pre-Implementation Planning contract for Connexus. RFP (530-2001) was issued on July 25, 2001 and nine proposals were received by close on September 19, 2001.

An additional factor in the sharing and managing of risk between these two lead parties involved the management of relationships with other Consortium partners involved in the initiative (PeopleSoft and Compaq). From the outset, Consortium management was assigned to Deloitte Touche – essentially from the City's perspective, allocating the risk of such relations to Deloitte Touche rather than undertaking the management of multiple vendor relationships.

In other words, the City empowered Deloitte Touche to manage the consortium within the agreed-upon framework as formulated by these two lead partners. At the same time, however, a more prominent and direct relationship with PeopleSoft was instituted in the second implementation phase, particularly related to the Budgeting implementation. This development was reflective of the additional risks PeopleSoft assumed in that phase of the project.

Impacts & Relevance

The Connexus project effectively ended on April 30th, 2004. At that time, all of the major deliverables of the project had been delivered on time and on budget. In many cases, extra work was performed by consultants for expenses only, under the terms of the City's 'fixed fee, fixed deliverables' agreement with Deloitte Touche. In other cases, where consultants were asked to perform work outside of the contracted scope, change orders were signed. The increased costs from such modifications were, in turn, offset by savings in project office costs and financing charges.

On March 27th and 28th (2004) the City began usage of various components from the Connexus initiative – going live with Release 2 HRMS functionality. The advanced features of this new HRMS system – now being used by City staff, include Recruitment, Training, Health & Safety and Competency Management. By April, PeopleSoft budgeting functionality was also made available to staff.

Other significant accomplishments of the Connexus project reported by City staff to Council include:

- Completion of the designs for Release 2 interfaces;
- Completion of the end user application security matrices;
- Production environment installed for Budgeting;
- Finalized combined Release 1 and 2 sustainment staffing organization structure; and
- Movement of Connexus staff from 457 Main street to sustainment locations.

Along with these specific deliverables, the City has now been able to harness the new resource management capacities within the overall strategic IT framework in order to pursue the following strategic benefits for ongoing performance improvements in both service delivery and efficiency improvements:

- An e-government foundation
- Alignment with the Financial Management Plan, the Human Resource Strategic Plan and the Information Technology Strategic Plan;
- Contemporary HRM capabilities;
- Real-time city-wide systems for better information management;
- Built-in best practises;
- Standardized policies and procedures; and
- More employee self-service capacities.

Moreover, the successful implementation of Connexus is viewed by City staff as an essential foundation element for subsequent efforts to improve service delivery in an increasingly digital and multi-channel environment. One example currently under development is a municipal '311' initiative - also being pursued by many other Canadian cities (as such, the Calgary case study in this collection examines this city's effort to date in terms of developing a 311 system).

Thus, city officials feel hopeful that this model is indicative of a methodology that can be replicated elsewhere in the organization, particularly with respect to managing technology projects. One manager pointed out that at the municipal level, "we have no choice but to succeed" in terms of managing such initiatives.

Indeed, the City has seemingly demonstrated some positive lessons of this case study that reflect similar practises that emerged in other projects. One such example is the development of a new set of custom-built GIS product tools to underpin City capacities for base mapping and parcel maintenance.

This process began in 1999 when the previous company that provided GIS support went bankrupt, forcing the City to find another alternative in short order. Moreover, with the emergence of online government beginning to take hold, GIS was becoming more strategic as not only an internal competency but also an important interface between external clients (businesses and citizens) and the City.

The company that was selected – Intergraph – was engaged to convert the previous foundational legacy components into a more modern and open system, one that would be interoperable with standard software products and tools such as Oracle. Once the legacy was converted into a new and more open platform, a number of more customized tools were then developed for specific City functions such as parcel maintenance functionality (i.e. the use of geometric polygons to formulate lines for property assessments).

Therefore, the City worked with a private sector company to develop a unique solution to the City of Winnipeg's needs that would also be transferable to other municipalities. Indeed, for the work undertaken by the company (Intergraph) for Winnipeg, a similar development project undertaken with the City of Edmonton served as an important model for the work. What was unique, however, about the Winnipeg experience was the decision on the part of the company to formally seek opportunities commercialize an off the shelf product from work undertaken for the City of Winnipeg.

From the City's perspective, encouraging this type of commercialization proved advantageous in so far as the company clearly carried incentives to make Winnipeg a successful testing ground. Moreover, there is a feeling that governments at all levels should look to expand the pursuit of these synergistic benefits as many public authorities seek technological solutions to a similar set of organizational and policy objectives.

This type of activity can also be viewed as an implicit form of risk and reward sharing between the parties – and although it was not the case in this specific Winnipeg project, the opportunities for more formalized sharing of revenues from successful product innovations have also been harnessed by other governments in Canada. Even in the absence of shared financial flows, this type of relational activity constitutes a form of consortium building that seeks to make use of the positive synergies generated by collaboration.

Indeed, City officials engaged in this GIS initiative with Intergraph described the process as something akin to a "knowledge partnership" where both parties faced uncertainty and opportunity through a mutually beneficial dynamic of creativity and learning. City officials credit Intergraph for spurring them to think in new ways than had previously been the case.

From this initiative, the City now has new GIS competencies and capacities that it would not otherwise have had – including software specifications developed specifically for its own needs, whereas the company is making use of a new product offering that could serve other municipalities with similar requirements.

Lessons Learned and Conclusions

Three central lessons emerge from this case study:

- First, the critical importance of planning and preparation in ensuring the platform for effective collaborative arrangements, including buy-in and ongoing sponsorship from senior management;
- Secondly, based on sound preparation, the potential for fostering shared ownership and shared risk in pursuing agreed-upon outcomes; and
- Thirdly, the need for strong relational management and flexibility through implementation to adapt to change within an agreed upon project framework (defined in the pre-implementation phase).

With respect to the first lesson, the decision to undertake an independent evaluation allowed for the City to enter into a collaborative partnership with a good knowledge base about its technological and organizational needs, as well as the financial parameters within which it could operate and engage external specialists. Moreover, this early stage preparation with an independent party also enabled the City to educate its senior managers as to the importance of the initiative, thereby ensuring their buy-in and support upon undertaking of the project definition – and an implementation meant to serve as a foundation for government-wide integrated resource management.

The second, and closely related second lesson underlines the importance of finding a mechanism to develop a shared sense of ownership to bind key parties to an agreed to set of outcomes within mutually attainable financial parameters. In this case, the creation of a project charter (founded on concise contractual responsibilities) served this purpose – by allowing the City – in concert with the lead firm from the private sector consortium, to define a clear ceiling on total project costs.

Once again, this ceiling was jointly arrived at through the pre-implementation phase of work with Deloitte Touche to devise a project charter that would map out the business plan of the project prior to contracting for the development of the new system. As part of this charter, the usage of a contingency pool for unforeseen changes allowed both parties to adjust during the course of the project and still achieve the outcomes desired both on time and within the overall budget.

Finally, the paramount role of relationship management allowed the stakeholders to openly and collectively map out a technical and organizational course for the project and make adjustments when required in a collaborative fashion. In this way, the role of senior management – particularly the sponsorship of the lead officials from the lead consulting firm and the City, extends through from preparation to implementation. City officials pointed to the importance of transparency and meaningful and open communication in addressing any issue that arose and then devising solutions.

From this successful example of collaboration, the City is now enjoying a much stronger foundation for service delivery capacities and information management capabilities that will underpin e-government efforts for some time to come.

Managing Service Transformation Relationships

Building Single Window Service Delivery in New Brunswick

Summary

This case study focuses on the relationship between Service New Brunswick (SNB), a crown corporation with a mandate to fully integrate the delivery of government services to the citizens of New Brunswick[35] and CGI Group Inc. (CGI), one of the largest independent information technology services firms in North America.[36] The products of this partnership are "world-leading e-government solutions including the 'single window' multi-channel integration of government service delivery. Service New Brunswick provides more than 200 government services through 36 service centres throughout the province, SNB TeleServices, and SNB Online."[37]

The cooperative development of this e-government solution has also spawned an innovative marketing arrangement between SNB and CGI designed to licence the use of the "g-Biz" software.

This case illustrates the power of the following collaborative practices:

- Starting with small contracts and building up to more complex relationships;
- Building strong support from political and bureaucratic leadership;
- Working with private sector vendors that know how government works;
- Sharing the financial risk.

Background

In the late 1980s, the Government of New Brunswick took the first steps towards what has become a huge transformation in its approach to service delivery. A measure of the problem it confronted was that for a population of approximately 750,000 people spread over 28,000 square miles, "the government had more than 900 offices representing agencies, departments and ministries. Citizens had to negotiate this maze to find needed services and desired programs."[38] The Government began to explore options designed to consolidate service points.

SNB was created in 1991 and initially operated as a division of the province's Department of Finance. It quickly became the acknowledged leader in the development of single-window service delivery. "During this time the New Brunswick government's Geographic Information Corporation (NBGIC) was developing on-line land and personal property registries and was also responsible for digital mapping products and services to support the land registry."[39] In 1996, the two entities were merged as a Crown corporation under the name of Service New Brunswick Inc. The new group was created with its own CEO and an independent Board of Directors. The corporation was intended to be the primary delivery agency for transactional and information services in New Brunswick.

From the outset, the new service initiative was committed to collaborative relationships with private sector IT vendors. It was accepted that collaborating with private sector firms would enable SNB to move much more quickly, especially where outsourcing meant that there were no infrastructures to procure and no recruitment or training delays. Further, a collaborative relationship between the government and private sector firms would allow for a "mutually beneficial exchange of experience, knowledge and practices."[40] This commitment led to a series of projects with a number of vendors designed to consolidate offices and backroom operations and use the emerging world-wide web to expand service channels.[41]

In 1996, SNB began a long relationship with the Canadian firm CGI to develop an innovative architecture that supported multiple channels, shared services and common data access with appropriate roles and security. This relationship took a very significant step forward in 2001 when CGI entered into an exclusive 7 year marketing agreement with SNB and made a further agreement with the Crown corporation to establish its "g-Commerce Lab" at its Fredericton Knowledge Park facilities, thereby making Fredericton its headquarters for bringing the SNB's integrated service delivery model to e-government markets around the world[42]

As a CGI study put the case:

> *"SNB benefits from CGI's continued investment in e-government through accelerated implementation of Electronic Services. CGI, through its relationship with SNB, an acknowledged e-government leader, gets a jump-start on the competition with a cutting edge solution for Single Window, Multi-Channelled government service delivery."*[43]

By all accounts the results of this long-standing public-private collaboration have been outstanding. First, on the service transformation side, SNB now delivers over 200 services through 36 service centres, SNB TeleServices and SNB Online. It is also responsible for real property assessments, land information infrastructure and three registries: the personal property registry, the corporate affairs registry and the real property registry. It is estimated that the transformation represents a net savings of C$141 Million in one year.[44] The initiation and deployment of "'single-window' access to government services has garnered "citizen satisfaction rates of 92 per cent and upward."[45] In the words of an IDC study,

> *"the e-government initiatives in New Brunswick have served to help transform the province [and] have provided citizens and corporations alike with enhanced services, access, time savings, and an unprecedented level of satisfaction."*[46]

The new approach to service delivery benefits to citizens and business in terms of productivity, usage and satisfaction. It also benefits municipalities in terms of processing savings, labour savings and related efficiencies, bad debt reduction, transaction cost savings, data entry productivity and front line staff productivity (among others). It also is reported to have resulted in spin-off benefits for the province more widely. [47]

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[35] One of the objectives of SNB is "to be the principal provider for the Government of the province of non-specialized customer services, through both physical offices and electronic channels". Another reads "to promote the re-engineering of government services to the public". See the Service New Brunswick Act, http://www.gnb.ca/0062/acts/acts/s-06-2.htm . For more information on SNB, see http://www.snb.ca/e/4000/4003e.asp

[36] According to their website, CGI couples extensive industry sector expertise with a full range of services including, strategic IT and management consulting, systems integration and management of IT and business process services. The company serves a broad range of clients in the Government Sector at all levels; Federal, State/Provincial and Local. Over 2,500 CGI members are dedicated to clients in this sector. For more information, see http://www.cgi.com/web/en/home.htm

[37] Service New Brunswick is also responsible for real property assessments and three registries: the personal property registry, the corporate affairs registry and the real property registry. See http://www.gnb.ca/cnb/news/snb/2004e1441sn.htm

[38] C. Baum, "Architecture of the Future: Service New Brunswick," p. 1. See http://www.witsa.org/awards04/nominees/AppendixB-GartnerStudy.pdf

[39] Global IT Excellence Awards Nomination form, p. 4. See http://www.witsa.org/awards04/nominees/SNB.doc

[40] See IDC Consulting's study, "From Vision to Benefit: Building the Digital eGovernment Foundation," at http://www.cgi.com/cgi/pdf/cgi_idc_egovernment.pdf

[41] This account is drawn from the C. Baum case study, "Architecture of the Future: Service New Brunswick," available at http://www.witsa.org/awards04/nominees/AppendixB-GartnerStudy.pdf, and from Martin Ferguson, "New Brunswick – a single window into government services".

[42] CGI Press Release. Available at http://www.cgi.com/web/en/news_events/press_releases/governments/119.htm

[43] CGI Government Case Studies, "Government of New Brunswick." Available at http://www.cgi.com/web/en/library/case_studies/governments/71108.htm

[44] IDC Canada Consulting, "From Vision to Benefit: Building the Digital eGovernment Foundation," p. 9. See http://www.cgi.com/cgi/pdf/cgi_idc_egovernment.pdf

[45] Communications New Brunswick, News Release, "SNB receives software licensing fee cheque from CGI for sale in UK," p. 2. See http://www.gnb.ca/cnb/news/snb/2004e1441sn.htm

[46] IDC Canada Consulting, "From Vision to Benefit: Building the Digital eGovernment Foundation," Final Report, p. 23. See http://www.witsa.org/awards04/nominees/AppendixE-IDCfindings.pdf

[47] IDC Canada Consulting, "From Vision to Benefit: Building the Digital eGovernment Foundation," Final Report. See http://www.witsa.org/awards04/nominees/AppendixE-IDCfindings.pdf

Second, "The CGI gBIZ solution is a template created jointly by CGI and SNB out of the services developed in conjunction with SNB that expedites the roll out of a broad range of secure eGovernment online transactions. "Key deliverables included a flexible, re-usable architecture which unified all back office processes; and a "g-Biz" software toolset for rapid deployment of electronic services over three platforms: the Internet, the phone, and over-the-counter. Conceived as a prototype, g-Biz was developed into a full-featured product in just three months."[48]

Third, some of the applications developed as a result of this collaborative agreement are subsequently licensed to the private sector firm for resale to governments around the world. The license fees then become another source of income for SNB.[49]

Finally, some observers have argued that this synergy has created opportunities for residents to be more fully engaged in the new economy One example cited is the significant growth in the call centre industry in New Brunswick.[50]

A Closer Look at the Collaborative Practises

Building a complex relationship contract by contract

The overview of the development of SNB and its relationship with CGI might suggest that this collaboration could be described as a long term public-private partnership. Both parties resist this kind of language and, in fact, when you look more closely you see that the ultimate relationship in which both parties have a stake in the other's success is really the final step in a series of tightly defined contracts for specific deliverables.

SNB's first project in the early 1990s was the development of a personal property registry that, among other objectives, would generate revenues that could be used to fund the modernization of other registries and services. The project encountered many of the relationship challenges that are commonly faced in a complex technological transformation. Nevertheless, the registry was finally brought on line in 1995 and the product has been very successful. It is being used in five jurisdictions across Canada and has spawned a consistent legislative framework to support the system which has resulted in uniformity across a number of provinces.

SNB then engaged a local firm, MCM, to determine what went wrong on that project and what SNB could do to ensure that subsequent projects worked more effectively. The consensus was to increase the skills in project management within the organization. SNB then put out an RFP to provide staff with those skills and MCM was the successful bidder. In a series of subsequent contracts, MCM provided managers for a number of projects (a land registry project being one of the first), as well as further training for SNB staff. SNB was particularly happy with MCM's work on the land registry project While there was a division of labour between SNB and MCM (and the software developer, CARIS), they worked very closely on the project (on-site together) and the trust and respect between MCM and SNB began building.

MCM was bought by CGI, a Montreal based IT business solutions company in an early phase of expansion, and, thus, CGI inherited MCM's Fredericton-based operation and its relationship with SNB. Prior to 2001, SNB had many CGI employees working with them, but not under some grand contract—usually just 6 to 12 month term contracts that represented pieces of a larger initiative. New Brunswick has a 'standing offer' IT procurement process whereby SNB posts offers on a website and companies can bid on them. While there is a level playing field, the reality is that CGI is often successful in their bid because they provide the skills that SNB is looking for and have learned to operate effectively and profitably within the contract "chunking" framework.

One of the initial products of a series of MCM-CGI/SNB contracts was gBiz*, a technical architecture template for the roll out of a range of eGovernment online transactions, associated with SNB's commitment to a single-window solution. The customer-satisfaction ratings regarding this single-window approach were extremely high. By the end of the 1990s, SNB was garnering significant attention internationally regarding its role in electronic government service and was approached by three companies to market the gBiz software.

These firms had seen that SNB had relationships on other projects with vendors other than CGI-and it was well known that SNB was willing to let a third party market its gBiz software, splitting the licensing revenues. In order to consider propositions from all firms who could benefit from SNB's technological and process transformation experience, an RFI was issued in 2000. Despite the competition, CGI was successful in winning the contract to market the gBiz software.

The lesson here is that this more complex software development, project management and marketing relationship did not materialize in a single instance in 2001. It emerged from a series of successful, short term contractual relationships in which both parties developed strong institutional trust, close personal working relationships, and great respect for each other's skills and capacities.

People ties that bind

A compelling feature of the SNB/CGI relationship is the degree to which it was built on tight personal relationships within government and between government and the IT vendors.

New Brunswick is a relatively small jurisdiction and all the key players in the SNB story know each other. The political leadership was not distant from this project and its continuous interest and support was crucial to its success. As CGI put it:

Our experience, gained over the last 10 years, in implementing single-window government initiatives in New Brunswick and elsewhere has taught us some valuable lessons. The first and foremost among these has been that these projects fail without "champions" at the highest levels of the organization, including at the political level. These champions must be both consistent and persistent. In New Brunswick, for instance, this consistency and persistence has been maintained at the Premier's Office level through three different administrations." [51]

The Premier continues to be a strong supporter, especially of the marketing arrangement which, if it is successful, will stimulate the IT sector and create new job opportunities for the people of New Brunswick.

Establishing SNB as a separate political entity has freed it from at least some of the restraints of a normal bureaucratic line department. But an SNB-type organization can be seen as a threat to existing departmental structures: effectively, the service delivery arm has been taken out of a traditional department and handed over to another service delivery organization which provides economies of scale in terms of buildings and people (the major costs in government). The development of a single window service operation requires enormous cooperation from traditional service delivery departments that are being asked to delegate significant powers to the new entity. The new approach has to be seen to add value at every step of the development, but often that is not enough to move entrenched government bureaucracies forward. Strong political leadership and solid, collegial working relationships at the ministerial, deputy ministerial and service delivery levels are essential in service transformations of this magnitude.

The benefits of tight personal relationships were most evident in the development of the relationship between SNB and MCM/CGI. Key MCM consultants had worked inside the New Brunswick public service at senior levels, understood how government business was done and had strong networks of contacts at the operational level. As well, the CGI vice-president of consulting services in New Brunswick is a former VP of Operations at SNB. On the SNB side there was strong continuity of leadership. The founding president of SNB held the position from 1990 to 2003 with only a two year break in the middle.

CGI's understanding of SNB's business requirements as a public sector organization and the continuity of leadership at SNB were key determinants in the successful emergence and development of this relationship. The ability to speak a common language not only set CGI apart from the rest. In the mid-1990s, when MCM recommended that significant resources be put into acquiring staff with skills in the areas of business planning, technical architecture, business processes and project management more generally, that recommendation was accepted and implemented.

CGI has also proved extremely helpful in working with SNB to manage the perceived threat to traditional service delivery organizations. Overall, the consultants that MCM/CGI engaged in the projects with SNB always received high marks for the working relationships they created. SNB points out that CGI often won contracts because its staff had "government-type" skills. In cases where CGI has been unable to fulfill SNB's requirements, the former often helps SNB find the firm that can meet their needs.

CGI has been sensitive to the challenges that face SNB-type organizations. They stress a continual education process for those working within such organizations. As a civil servant you no longer work for a specific department or ministry where you might feel some ownership towards that policy area. Instead, you are in a service delivery organization which involves a different mindset: it is all about customer service, not protecting or developing a policy area.

Another important factor is the presence of CGI staff onsite at SNB. CGI asserts that anywhere from one third to one half of their staff that work on SNB projects sit on-site at SNB. CGI points out that there are very good working relationships at the "worker bee" level CGI also notes that because the company is not in competition with SNB, the relationship is very open and ownership of intellectual property is less of a concern. SNB echoes this point, indicating that CGI opened themselves up, providing insight into technical developments that were completely their own creation, if it could assist in the goals of SNB and CGI. Information sharing is encouraged through the governance structure which involves monthly meetings of senior staff (referred to as the Project Steering Committee), and regular meetings of each organization's marketing and business development groups.

SNB stresses the importance of treating CGI consultants as colleagues rather than adversaries. As long as the relationship can stay like that, everyone is productive because there is no squandering of energy and intellect on fighting. Despite not having the commitment of a marriage-type partnership, CGI was satisfied with the relationship because of the element of trust that existed—trust that was strengthened by CGI not embarking on areas with which it was not familiar.

If people connections are a key to collaborative success, they can also be a source of problems. One of the keys to the success of this collaboration has been the symmetry of vision on the part of senior staff at both SNB and CGI. As well, the development of close working relationships at the lower levels has allowed employees from two very different types of organizations to commit to a common purpose. This has been greatly enhanced by the sharing of information and a collegial working environment. As executives and employees come and go on both sides of the relationship, it is crucial to continuously renew and, sometimes, recreate this level of trust and shared vision.

[48] CGI Government Case Studies, "Government of New Brunswick.", http://www.cgi.com/web/en/library/case_studies/governments/71108.htm

[49] IDC Canada Consulting, "From Vision to Benefit: Building the Digital eGovernment Foundation," p. 7. See http://www.cgi.com/cgi/pdf/cgi_idc_egovernment.pdf

[50] Blair McQuillan, ITWorld Canada, "More than ESD." See http://www.itworldcanada.com/Pages/Docbase/ViewArticle.aspx?ID=idgml-ff2be20b-9079-4817-a1e8-7607793793ac&Portal=&ParaStart=13&ParaEnd=26&direction=prev&Previous=Previous

[51] CGI White Paper, p.12

Sharing the risks: an innovative financing arrangement:

When SNB issued a RFI in 2000 seeking a collaborator to help market its single window technology, it explicitly asked for an investment from the collaborator but did not specify its nature. There were five respondents to the RFI, and CGI was the only one of them to propose a significant quid pro quo for the right to market the software it had helped SNB to develop. In 2001, SNB signed a 7 year Commercial Alliance Agreement that makes CGI the exclusive marketing partner of SNB for the single-window service delivery model. CGI also committed in a further agreement (focused specifically on the gBiz software) to invest $3.5 million in SNB over four years and evenly split the licensing fees from gBiz software sales with SNB. The agreement also gives CGI the right of first refusal on all SNB 'e' projects related to gBiz..

This agreement ratcheted up the relationship between SNB and CGI significantly. CGI would be sharing the risk of marketing SNB-developed software throughout Canada, the United States and the United Kingdom.[52] Its investment in SNB could come in the form of cash, human resource support and/or software and hardware support. The ultimate purpose of that investment was to allow for the advancement of gBiz more quickly than SNB would have been able to accomplish with its own revenue.[53] On the other hand, CGI would then have a product to market that had better features than it would be if SNB was left to its own devices.

The agreement stipulates that the investment may not be applied towards reducing SNB's annual budget for development; in other words, the investment was not to replace SNB's development budget, but to augment it. To ensure that the investments are made in a manner satisfactory to both parties, they have created a Joint Investment Committee that makes decisions on the funding of specific projects supported by the CGI investment dollars.

Grant Buckler made an important point in his analysis of a number of partnerships including the agreement between CGI and SNB:

> *When a public-sector organization asks a private-sector supplier to take on a share of the risk in an IT project, it must give that supplier something in return. Part of that something is probably the chance of a bigger reward if things go well. But at least as important is a reasonable amount of control. Otherwise the vendor is being handed responsibility without authority - always a recipe for disaster". At Service New Brunswick, (Mary) Ogilvie says CGI Group wants to be very sure that its own project managers are in charge of those pieces of the project in which the consulting firm has invested. Perhaps because CGI has a stake in SNB's success, she notes, "they have always provided us with quality resources".*[54]

This agreement reflected CGI's willingness to share with SNB its general marketing strategies, including past successes and future projections—something that had not been granted to SNB in its past marketing partnerships. CGI was making SNB part of an arrangement that involved selling not only the software, but also, expertise that it had developed in-house and while working with SNB. This made a very positive impression on SNB and fostered the growth of their relationship. CGI was willing to take a risk, believing the firm would get a good return on its investment.

SNB points out that from their point of view, the investment and risk sharing aspects of this case have been very lucrative. While the licensing fees associated with the products of this collaboration have yet to yield great returns, this number is growing and hopes are high that this will become a significant source of revenue for SNB. The expectation is that revenue will increase when SNB/CGI have a business model in place which allows use of the software for a recurrent fee, rather than one up-front transaction. This is intended to generate a steady flow of income which can then be used towards further development.

The agreement has also been attractive from a wider government perspective. CGI won a contract in the UK to deploy the single-window solution that apparently resulted in the creation of a small number of new jobs in New Brunswick. Other New Brunswick IT workers went to the UK for periods of time to work on the project.

From CGI's perspective, a key benefit of the marketing and investment agreement is the ongoing ability it provides the firm to glean insight into the requirements of government service delivery (both online and otherwise) thereby allowing for the development of more comprehensive products. As SNB determines new requirements for their service delivery channels, CGI is presented with new technical challenges, which, if they meet them, allows CGI to build and market more sophisticated systems. Associated with this, CGI points out that the more success they achieve in their SNB initiatives the more enticing CGI becomes in the eyes of potential public sector customers.

The unique arrangement between SNB and CGI is a strong selling point in CGI's efforts to secure similar contracts beyond SNB. CGI's efforts to make a return on their investment are not simply attached to technical product itself, but to the methodology which makes deployment of this technology, and the relationship with public partners on the whole, a success. In this sense, the collaboration produced both a product, and an enhanced skill set which CGI has taken to other governments. They have begun generating revenue thanks to both their capital and intellectual investment in SNB.

Conclusion

This relationship is clearly a significant success both in terms of the outcomes produced and the collaborative practices employed to produce them. CGI and SNB have built a very complex relationship on the foundation of a series of smaller contractual relationships. They have taken advantage of the intimacy of the Fredericton scene to draw on political support and long-time working relationships to build a highly collaborative development and marketing connection which both sides find extremely valuable.

While there are always challenges sustaining such arrangements, the intensity of the connection also provides new opportunities to build the relationship. When CGI pursues sales opportunities it often takes SNB staff along. There have also been instances where CGI or SNB have called on specific skills of the other on projects completely unrelated to their marketing and investment agreement. CGI points out that most public/private sector partners do not walk hand in hand like CGI and SNB. This case exemplifies what successful public/private collaboration can look like.

[52] New Brunswick News Release – Dec. 17, 2004, p.2

[53] Robert Parkins, "The e-World of Bernard Lord", itWorld Canada, http://www.itworldcanada.com/Pages/Docbase/ViewArticle.aspx?ID=idgml-948006c3-d904-4a22-ac3f-51096c3b1e6e&Portal=&ParaStart=0&ParaEnd=12&direction=next&Next=Next

[54] Grant Buckler, "How does your partnership grow?", ITWorldCanada, http://www.itworldcanada.com/Pages/Docbase/ViewArticle.aspx?ID=idgml-30955b7d-075b-458f-a0cd-31bf0c1260b2&Portal=&ParaStart=13&ParaEnd=26&direction=prev&Previous=Previous

Managing Service Transformation Relationships

Province of Québec – Tourisme Québec

Summary

The partnership between Tourisme Québec and Bell Canada, BonjourQuebec.com (BQC), is arguably the oldest laboratory of collaborative practices in Quebec. Dating back to 1999, it has been a study in change management, multi-channel service delivery, public-private partnerships, and integrated services. The partnership has been a remarkably smooth one, based on a careful and deliberate conceptualizing period and a mutual commitment to understand the working culture of the partner.

There is a number of interesting public-private collaborative practices to observe in this case study. The most noteworthy are:

- A clear vision of the project from the beginning was an asset. It attracted the right proposals upon the issue of the RFP and was a helpful guide in assessing proposals.
- Tourisme Québec chose its Client Services department to lead the BQC project, not the IT department. It also awarded the BQC a high degree of autonomy.
- The BQC team comprised of Tourisme Québec staff and Bell Canada staff have co-located in the same Montreal building, allowing for a fluid, well-integrated team.

Background

There used to be a time when planning a trip or a vacation required a visit to a travel agency where a few flyers were available to inform the hopeful tourist. Today, the vast services offered to potential tourists still include private travel agencies. Governments, ever competing for the healthy injection of tourist dollars, are also competing for their attention.

As part of the Ministry of Economic and Regional Development, Tourisme Québec's objective was simple: raise the revenue the province receives from its tourism industry. It has long been charged with a double mission. First, to help develop the tourism industry in Quebec, and second to promote it both within the province and outside its borders. In the mid-1990s, Tourisme Québec chose to focus on three key priorities:

- To coordinate public and private tourism initiatives. To fulfill this mission, Tourisme Québec pursued three activities: developing awareness of Quebec destinations; creating and activating policies, action plans and programs to support that awareness; and providing a tourism expertise for both public and private partners.
- To sustain and develop tourist destinations and experiences that would attract a clientele and reflect the values of Québécois society. In this regard, Tourisme Québec has pursued three concrete actions: targeting and structuring the creation of tourist offerings, supporting and assisting new initiatives in developing tourist offerings and promoting high quality of services to tourists.
- To promote the marketing of Quebec and of its tourist experiences. In this regard, Tourisme Québec has pursued three concrete actions: promoting the commercialization of tourist experiences, promoting Quebec as a tourist destination and facilitating the purchase of tourist experiences.

With the budget constraints that existed at the time, these tasks were considered impossible for Tourisme Québec to fulfill. It was also believed that Tourisme Québec did not have the technological capacities at hand necessary to launch an ambitious initiative. It needed to make a substantial technological leap that would offer a greater number of services to a greater number of customers, but without adding staff.

In January 1997, Tourisme Québec issued an RFP to create a marketing/reservations management system for tourist attractions. The idea was to find a partner that could complement Tourisme Québec's expertise and create networks that would link potential tourists with the treasure trove of information material that the government agency had created. The RFP was issued to test the creativity of the business community and get a sense of what was possible.

In April 1997, Tourisme Québec asked one of the submitters, Bell Canada, to produce a conceptual study of the administrative and technological of what a management system could provide. Seven months later, in November 1997, Bell Canada submitted its report. Tourisme Québec saw what it needed: a strong technical capacity, leadership, strength and experience in e-commerce, and a capacity to help market the operation. Bell Canada had the ability to invest in the project, and to work in French. On these bases, and strengthened by the support of the Quebec government's Treasury Board, Tourisme Québec initiated negotiations on a partnership deal with Bell.

It took sixteen months to negotiate an agreement that was suitable to both Tourisme Québec and Bell Canada. It was signed in March 1999 and would last until 2005.

The agreement created an unprecedented partnership in Quebec to provide an innovative service. Tourisme Québec would continue to generate and transfer knowledge while Bell would create and operate the management system for an entirely new internet platform called BonjourQuébec.com (BQC).

BQC was created with three specific aims:

- The first was to improve the quality and accessibility of services offered to tourists. Tourisme Québec knows it is in a highly competitive field and hopes that by easing planning and improving the predictability of the tourist experience, it would win more visitors to the province.
- The second objective was to improve Tourisme Québec's relationship with private and public tourist destinations. BQC was intended to create an electronic platform that would facilitate electronic exchanges with tourism enterprises. It was an instrument that could facilitate both knowledge and financial transfers.
- The third objective was to deepen the tourism industry's understanding of the visitor so as to enhance Quebec's marketing approach. Where are the tourists most likely to come from? What attracts them? Where do they go? And more importantly, what makes them return, or recommend to their friends a visit to some parts of Quebec? BQC could be used to generate data on its clients that can help Tourisme Québec in its strategic planning.

There were challenges along the way. The 39 functions were implemented gradually, and a few constraints slowed the evolution of the BQC, among them were Y2K issues, ensuring continuity with services that existed before the BQC, trouble shooting during slow tourist seasons, and working in transforming the personnel.

In the spring of 2000, the system was launched on line. The digitized data base was now available to the call centre operators. Tourisme Québec launched the e-magazine and piloting of the reservation system began. The BQC delivered on its promises by integrating thirty nine technologies and increase Tourisme Québec's services. It allowed potential tourists to access by Internet, telephone, over-the-counter, email and post a high quality of tourist information, to obtain the information they require to make reservations and to take advantage of packaged deals. At the same time it created a single window, a «one stop shop» of information, documentation, and reservation access to all the products and services Quebec could offer tourists.

Thus, ‘www.bonjourquebec.com’ is more than a website. It is a living partnership between the Government of Quebec and Bell Canada in an agreement to share information, technology and revenue.

Today, bonjourquebec.com boasts over 500 pages of descriptions, tips, and advice in French, English, Spanish, German, and Japanese. Dynamic maps of all kinds are available as well as videos, photos, and 360° panoramas, downloadable flyers, an e-magazine, a currency converter, weather reports, and an assortment of entertaining, educational functions. The site also offers access to 68 discrete reservation sites.

Tourisme Québec sees the BQC system as an opportunity to engage both its potential tourists and its experienced ones. Enlightened by the results of its intensive data-mining, it is investing in E-marketing strategies that will transform the customer experience. Subscribers get a free and regular E-bulletin by email to learn “what’s new”. It has also launched an E-bulletin for tourist-destinations operators.

A Closer Look at the Collaborative Practices

The collaboration between Tourisme Québec and Bell Canada was founded on the basis that it would be a win/win situation. Bell Canada allowed Tourisme Québec to focus on its strengths: invest in training for its information officers, updating of databanks and their exploitation, improving support of information officers, managing mail-outs, and focusing on communication activities such as a magazine and electronic bulletins.

Bell Canada, for its part, was responsible for creating the platform and ensuring that the systems functioned not only in making the information recognizable and easily accessible, but also in creating the reservations and billing network.

The two partners shared financial risks. Tourisme Québec funded the development and technical costs related to the tourism information as well as the data-mining of the SGD. It continued to assume the cost of promoting Quebec as a destination as well as tourismQuebec.com. It also chose to continue to manage the call centre and the seven local “infotourist” centers. In the spring of 2001 the reservation system of the BCQ was deployed in the Infotourist sites.

Bell Canada assumes the role of technological support for the BQC as well as the cost of commercializing the reservation and e-commerce systems. It would be paid according to traffic. Risks were shared because both systems were dependent on the other. The reservations systems depended on the quality of the information for revenue. It was motivated to ensure that the reservations system was extended to the web sites of private tourist attraction or accommodation providers.

In turn, Tourisme Québec required a dependable web platform to attract tourists. As part of the contract, and to minimize its risk, it asked that the BQC platform be designed using open source code and that Bell Canada not consider its contribution to the BQC to be its intellectual property. Should the agreement fail, Tourisme Québec also insisted on a one-year notice and a commitment for a full knowledge transfer.

Change Management

Tourism Quebec was very concerned with change management. A great deal of energy was devoted to the front-line personnel in the conception of the new site, in training, and to both internal and external users, to the definitions of tasks and to the measure of results. Half the personnel at Tourisme Québec had to change their work. A special training in change management was implemented for all employees in order to better prepare its attitudes towards insecurity and anxieties tied to new services and new ways of doing things. Special attention was paid to those most likely to be affected. New capacities had to be secured in web design from outside the organization. The many awards received by BQC has certainly been encouraging.

For the reservation system, not only was the personnel at Tourisme Québec trained, but staff at Bell Canada and the various tourist destinations had to be trained in ICT’s. Bell Canada played a critical role in assuring this transformation.

The support staff managed to adapt well. The pressure for change on information officer supervisors, however, was underestimated.

Financing

It is clear that the undertaking of the BQC would not have been financially possible without the partnership with Bell Canada. Bell Canada was chosen as a partner because it possessed the financial resources to develop and to maintain the project.

Bell Canada’s revenue was based on a 10 percent return of all reservations made on the BQC system. It further gained the ability to use the BQC network for its own marketing purposes. Bell found, however, that revenues did not match expenditures and asked that a revision to the contract be made in 2002. Tourisme Québec agreed to invest to assist in financing future technological innovations and systems maintenance. The new arrangement was made amicably within a year, without resort to any mediation.

BQC has also created tools for Tourisme Québec to grow the tourism industry’s revenue.

BQC allowed Tourisme Québec to improve its understanding of its clients and to create strategies that will improve the return rate while protecting private information. Marketing Quebec for tourism has become an e-business. In order to better serve its clientele, Tourisme Québec is now directly involved in the sale of tourist products.

This is a radical change has raised ethical issues in terms of equity towards enterprises and regions.

Marketing has also improved. Tourisme Québec, as a result of this partnership, has developed a know-how that did not previously exist in government services. New methods of e-marketing have been added to traditional campaigns. The e-bulletin now has over 115,000 subscribers, a system of reciprocal hyperlinks, the purchase of key words, the referencing of the site, a repositioning of banners across the internet that are measurable performance in order to reach both a domestic and a foreign audience.

The intensive process of data-mining has raised issues around privacy protection. It has created a need for forms requiring consent that simply did not exist before the BQC. The end result has been the electronic transmission of a greater number of information to a greater number of clients at a much lower cost than the previous paper-and-post system.

Managing the partnership

A number of informal events were organized so that the personnel of both organizations could meet at first. As the BQC project assumed more formality, both partners chose to co-locate in the same Montreal building. This allowed for spontaneous problem-solving meetings.

There is a formal aspect to the partnership. A joint management committee meets formally once a year to finalize the annual report and to set directions. A number of joint subcommittees were also created: on technology, business affairs, web development. But these don't tell the story. The partnership was first governed by a number of informal, small committees.

The success of the project was due in large part to the sustained leadership in side Tourisme Québec whose lead, Mr. Henri Chapdelaine, has been in position since the project's inception. Bell Canada changed its lead a number of times, creating a need to structure the regular meetings on a more formal basis. Both parties are satisfied with the results. In November 2004, a new agreement was struck to continue the partnership until 1 January 2009 and to broaden the use of the BQC in all the offices of the Government of Quebec's regional operations.

Conclusion and Lessons Learned

The collaboration between Tourisme Québec and Bell Canada has proven successful. www.bonjourquebec.com replaced the phone number (1-877-BONJOUR in North America) as the principal portal to conduct tourism awareness campaigns.

In 2004, 9.4 million customers were served by the website, of which 69% were from outside Quebec. The Internet has become the instrument of choice for 92% of them. In comparison, before the advent of BQC, 50% of clients would speak to information officers. Since 1999, the number of clients asking of information has grown by 470 %. The rate of satisfaction has also been positive, ranging 96 % to 100 %.

In 1999 Tourisme Québec depended on its information officers to manage 1,025,000 requests for information and a website that was used by another million people. In 2004, 9.4 million clients were served, of which 92 per cent were served by the internet. The number of clients served directly by personnel has dropped by 50 percent, which has allowed it Tourisme Québec to redeploy assets to new reservation services, data mining and email services.

The quality of services has also been improved. Reservations are now easily accessible and opportunities to make reservations are offered alongside the information accessed. The single-window approach allows access to a daily-updated bilingual data bank of 13 000 companies and services that are geographically pinpointed and 7800 hyperlinks support a system of on-line, interactive reservations. Tourisme Québec makes aggressive use of mystery shoppers and rates its performance against all comparable jurisdictions in North America.

Tourisme Québec made a pledge to quality services with its « Declaration on citizen service » One of the great successes has been to transform services while maintaining continuity and quality:

- Emails are responded to within 2 days, mail outs are out within 3.2 days in Canada and 5.2 days in the United States.
- The average wait on a phone call is 43 seconds in the call centers and between 84 seconds and 136 seconds with the two main tourism information centers.
- 98 percent of Web surfers who made reservations on the web site were satisfied with the service.
- The rate of complaints following a reservation is very low (.19 percent) and each complaint is followed up.
- The electronic bulletin that is used to stimulate repeat customers has proven very popular with less than .4 percent asking to be un-subscribed.
- The number of pages visited is vastly superior to average American tourism sites.

The collaboration between Tourisme Québec and Bell Canada spawned an entirely new organisation, bonjourquebec.com that has gradually assumed a number of government functions. It has created a tool to educate and entice the traveler, it has made customer service a vital part of its mission and has measured its results.

Critical to its success has been its approach to the project with the realization that it would transform its culture as much as its way of doing things.

- The success of the project was in no doubt due to the mobilization and the active participation of front-line personnel (the information officers). They were critical in identifying needs and evaluating technological solutions.

- Close attention to change management was a central preoccupation in the layout of services and in ensuring that the “old ways of doing things” were abandoned. To this end, the entire personnel were given training; complaints and concerns were heard and responses were articulated.
- Middle management, in particular front-line supervisors, experienced more difficulty in adapting to the new working environment. In retrospect, more attention should have been devoted to the training of this vital level of the hierarchy.

BQC is now in the first stages of using the information it gathers to improve policy making in Quebec tourism. It aims to target its new markets more effectively, to discover new markets and to build a knowledge and commerce infrastructure that will make it possible for the government of Quebec to meet its objectives of improving the tourist experience, raising the revenues drawn from visitors and ensure that Quebec remains a favourite destination.

Managing Service Transformation Relationships

City of Calgary - Citizen Relationship Management (311)

Summary

This case study examines the City of Calgary's current effort to develop – in concert with Motorola, a new '311' system of citizen relationship management. At the same time, this case builds on findings and experiences tied to an initiative preceding it, namely the development of Calgary's portal several years ago. Both projects are inter-linked by a common emphasis on improving customer service capacities in an integrative fashion across municipal operations, as well as many of the lessons learned from the portal experience that are now guiding efforts to forge a 311-based system for improving service delivery and responsiveness to Calgary's population.

The portal (the development process for which began in 1999) has evolved into an important and successful online gateway for the City – attracting more than 8 million hits in 2004. Many of the lessons learned from this successful partnership with a group of private sector companies (a consortium led by EDS Canada) have served as a guide for more recent e-government initiatives both involving and going beyond the portal as a mechanism for providing information and delivering services to residents, companies and community organizations.

Calgary's new 311 citizen response system was launched on May 18th 2005. The initiative is based on a collaborative relationship between the municipal authority and Morotola, representing the next phase of citizen relationship management via interoperability within the municipality and a multi-channel digital interface between the City

and its external set stakeholders, notably the citizenry. In effect, 311 offers Calgary's citizens a new direct telephone link to their municipal authority.[55] The response to such a call then represents a single point of contact, irrespective of the service request. The caller, for example, may choose to report a problem with street lighting in their neighbourhood and accordingly, the 311 respondent will process the request – directing it to the proper department within the municipality, while providing the caller with a file number to denote the request being made.

As the City progresses with the expansion of this new service infrastructure there is also the potential for inter-channel coordination between the 311 telephone line and Calgary's online portal. Eventually, the municipal portal can be used not only as a means of tracking, but also a platform to benchmark service requests and share performance measurement information. Such information can prove useful in helping to shape citizen expectations (i.e. appropriate time lines for different service requests), thereby improving transparency and accountability.

Although a number of important lessons transcend the City's portal development project and its 311 effort, one of the most important practises emerging from these initiatives is the central role of political leadership and buy-in through the engagement of elected officials. The unique inclusion of elected Aldermen from City Council in the governance of the portal project has evolved into the current Mayor of Calgary serving as the champion of the 311 concept (as he was also one of the elected officials who participated in the portal project).

In addition, the ability of City staff to develop a team based approach with the private sector has proved essential to both balancing sound project management techniques with the relational flexibility necessary to align technical solutions and organizational change successfully. The Calgary portal project was completed on time an under budget – and the City is confident of an equally positive set of outcomes with respect to the creation of 311.

Background

The City of Calgary set out in 1999 to develop a world-class presence on the Internet. A strategy for Calgary on the Web was proposed in December 2000 to ensure the creation of a strong yet flexible Web presence that supported sharing of information through universal access to efficient, effective products and services.[56] It would be the platform on which Business Units could develop online information, interaction and transactions that served their customers, business partners and employees.

Calgary on the Web was envisioned as a place where citizens, businesses and visitors could come from information, products, services, help and opportunities. Over four years, several Committees of Council heard presentations and considered how this could be achieved.

The following specific goals were set:

1. Communicate Calgary's image;
2. Provide and receive information;
3. Offer customers convenient services;
4. Introduce operational efficiencies; and
5. Enrich the community of Calgary.

The City also recognized the need to make a commitment to resources for both the initial redesign and the ongoing operations. The following commitments were made corporately:

1. Design a modern, professional web presence;
2. Set Calgary on the Web as a corporate business goal;
3. Reinforce Calgary's image; and
4. Involve the community.

The primary risk associated with Calgary on the Web was not proceeding with the project. The factors in this risk were as follows: appearing to be a technologically slow City within a growth economy based in part on high-technology; failing to deliver electronic service because policy, legal and technical frameworks were not developed; escalating the silo effect as certain Business Units went ahead with individual, potentially piece-meal initiatives; and ignoring the advice of City auditors to become web-enabled.

Information Technology Services plus Customer Service and Communications were the lead Business Units for the initial project, working under a corporate Steering Committee that included elected officials, external professionals and General Managers from several Business Units. The Steering Committee reported to the Corporate Effectiveness Committee of Council. All Business Units were involved in all or parts of governance, planning and project execution.

The project team included: The City of Calgary; the EDS Consortium of EDS, Plumtree, Microsoft, and Indigo Ice; and HP/Compaq. The team was co-managed by EDS and City Project Managers. EDS, Primary supplier in the consortium, was responsible for work by consortium members. Sub-team leads were responsible for the team's deliverables and collaboration with other teams.

With an outsourced hosting solution, clear demarcations were set between City responsibilities and external supplier responsibilities. The latter organization manages the networks and servers in the external facing security zones. The City is responsible for the internal servers and the portal management software, as well as all aspects of the application development and test environments. Both parties followed strict change management practises to reduce risk.

Calgary on the Web was designed to run for six quarters from 2002 January to 2003 June; the sixth quarter was allocated to finalization tasks and knowledge transfer. As planned, the major deliverables were completed in the first five quarters. Calgary on the Web was envisioned to meet the expectations of citizens to work with the City via the Web. The original concept has yielded a positive return via a number of complementary benefit streams.[57]

These benefits were not only realized but in addition, a robust, flexible and extensible infrastructure was built to provide better service at flat or reduced costs. Business Units can integrate their individual customer interfaces and support systems into the City Web Site in ways that support all customers. Extending benefits to the Community was an important factor. The project worked with Connect Calgary (Industry Canada's Smart Community project) and with Inform Calgary (partnership with the Calgary Health Region). Also, the standard was set that to the greatest extent possible, information and services should be accessible and usable by the widest variety of Calgarians.

Significantly, the realization of these benefits occurred well under budget (whereas the full project was estimated to be roughly $12 million, total actual costs were just over $9 million) and the contingency reserve for unforeseen changes and cost was redeployed into City operations. City officials credit not only their own preparation and processes, but the methodology and project tools deployed by Consortium members that enabled higher productivity throughout the course of the project than was anticipated.

A Sound Basis for 311: The success of the portal would prove instrumental in solidifying the profile of e-government and IT management at the political level, thereby creating an important foundation for subsequent initiatives such as 311. Accordingly, in his 2005 State of the City Address (Building on Big Ideas), Mayor Dave Bronconnier delivered a public commitment to the 311 concept – as a means to continually improving municipal performance in terms of a timely and leading edge approach to citizen service:

Everyone in this room is familiar with 9-1-1. You have an emergency, you call 9-1-1, and a coordinated operations centre takes your call. They get you help – fast. It's a great system. 3-1-1 will be similar, but it will be for non-emergency service from The City. That means no longer flipping through the Blue Pages to track down the right department. You'll dial 3-1-1 or go to the 3-1-1 website, 24 hours a day, 7 days a week, 365 days a year. You'll be connected to a coordinated operations centre. They'll make sure your request gets to the right department, and gets acted upon.

3-1-1 will provide our city managers better tools too. They will know exactly how long it takes to respond. They'll know where resources are being underutilized, and where resources are stretched. And we can adjust service to improve. 3-1-1 is as much about accountability as it is responsiveness at City Hall.

It's the new kind of thinking that Calgarians want for the 21st Century.[58]

In 2003, Calgary led a coalition of Canadian cities in submitting an application to the CRTC to approve the designation of the 311 code for access to municipal non-emergency services – in a manner similar to the use of this code in several American cities.[59]

The Canadian 311 application, filed in October 2003, requests:

> *That 311 is assigned for non-commercial use across Canada for telephone access to non-emergency municipal government services and that:*
>
> *The right to use 311 be afforded to any Municipality in Canada, based on each Municipality's approval for readiness;*
>
> *The number 311 be restricted to this use; and all telecommunications carriers be required to route 311 calls.*[60]

As with all municipalities that have adopted the goal of deploying 311 codes in their communities, the potential what this concept can achieve extends far beyond the introduction of a new telephone number. 311 denotes a shift toward a model of citizen service via transparency and empowerment accorded through not only the single-point access to all municipal services but also the ability of citizens to then track their requests and the processing of such requests by the municipal authority.

As such, Calgary staff view 311 as an enabler of a self-service approach where citizens can leverage the existence of multiple digital channels that can be complementary. An initial telephone inquiry leading to a work order, for example, can subsequently be tracked via the Internet (and many less complicated requests for information can similarly be diverted to online channels, even if the initial inquiry comes via a call centre).

Calgary's portal and the 311 system are therefore complementary means to an integrated objective – better service outcomes. As such, the City adopted a framework of four guiding principles in its current development of 311:

1. Access on a 24x7 basis;
2. Responsiveness and consistency;
3. Accountability; and
4. Centralized capacities for information management.

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[55] The CRTC approved the application by a coalition of Canadian municipalities led by Calgary in November 2004 (Decision CRTC - 2004-71).

[56] Much of the information in this section pertaining to the portal project is drawn from the City's own report summarizing the experience, available for downloading via the search function of the main City of Calgary portal (www.calgary.ca).

[57] They include: a positive image of Calgary; meeting the information, products and service needs of all citizens; promotion of community connectedness; streamlined business relationships through electronic transactions; faster service delivery, reduced costs and increased satisfaction; increased use through user friendliness; enhanced Web opportunities for Business Units, within corporate governance, support and technical infrastructures; and presentation of information and product from multiple views, to help citizens and business to business with the City.

[58] Text of the Address (delivered on February 8th, 2005) retrieved online via the Mayor's Office via the City's portal - www.Calgary.ca.

[59] There are at least 15 active 311 systems in the US serving nearly one quarter of the American population.

[60] The 311 application outlines three types of activities that can be covered by such a system: i) Service response – road conditions, traffic lights, water main breaks, garbage services, sewer systems, building permits, animal control, water management, noise complaints, transit inquiries, abandoned vehicles, and non-emergency police and fire services; ii) Transactions – Property taxes, business licensing, ticket payments, recreation facilities; and iii) General information – Mayor's Office and City Council referrals, general service complaints and complements.

The City of Calgary issues an RFP in September 2003 and by November of the same year it had selected Motorola from the fourteen companies that submitted proposals. Although the selection criterion was complex and based on many variables, Motorola was able to demonstrate leadership in many areas of service functionality, advantages underscored by their experience with several US cities. The City's contract with Motorola is based on an exclusive set of licensing agreements that run until 2008. The overall 311 budget until 2008 is approximately $10 million, a figure that includes both commitments to Motorola and all internal costs associated with the service transformation process.

Motorola's Customer Service Request system is based on a municipal government-centric model that focuses on:

- Capturing citizen service requests;
- Responding to citizen information requests and inquiries;
- Identifying the proper agency and jurisdiction to respond;
- Identifying duplicate and related problems with city infrastructure, urban blight, or needed human services; and
- Tracking the resolution and accountability of agencies and departments to provide service delivery within desired service level goals; and
- Integration with legacy systems that is usually required for service request resolution.[61]

Throughout 2004 the City of Calgary and Motorola crafted a strategy to deploy 311 for the benefit of Calgarians. In September 2003 the City began using Motorola software in specific segments of its call centre operations, a precursor to a City-wide deployment. Then, on May 18th 2005, the new system went live and City staff began fielding the first calls and service requests from citizens.[62]As testament to the planning that underpinned the launching of this new system, City officials forecasted an initial uptake of 43,500 calls in the first two weeks of operation and the actual result was approximately 1% below this level. City officials report no major surprises following the launch, an outcome accredited to the significant preparation that preceded it.[63]

The realization of 311 denotes not only the leveraging of specialized tools and competencies from the private sector but also aligning this relationship with industry with the internal processes and strategies of the City. As far back as 2001, the City had identified the need for a more integrative call centre approach that could eventually align with the emergence of the portal and existing face to face capacities in order to improve service performance to citizens.[64]

A Closer Look at the Collaborative Practices

There are three important practises revealed in this case study of Calgary's efforts:

- First, the importance of proper planning prior to beginning a project and sound project management during implementation;
- Secondly, the benefits of a team-based approach to managing a project with external vendors (such as EDS, the leader of the consortium on this project - and Motorola with respect to more recent efforts to introduce a "311" service); and
- The value derived from political champions and the potential to include elected officials in the governance mechanisms overseeing the project.

In terms of the integrated portal project, Calgary on the Web, the first and second practises have been well documented by City staff in their retrospective review of the project's evolution and implementation. Indeed, Calgary on the Web represents the work of hundreds of people throughout the City and from many suppliers, principally the consortium led by EDS and hosting supplier, HP. The excitement of individuals and involved organizations coalesced into a huge team that pursued the vision of a friendly, flexible and professional Web presence.

The City credits the effectiveness of the public – private partnership as one of they critical success factors for the project's successful outcomes. At the centre of this partnership was a mutual recognition of the knowledge and expertise brought to the table by each side – and the need to blend these perspectives into a collective process of planning, learning and execution. This process was facilitated by a clear demarcation of roles and responsibilities on the one hand, and a commitment to open communication and flexibility on the other. The governance structures of the project, thus, interlocked the City and the companies in a process of continually measuring progress and reporting regularly to City Council.

The joint ownership of the project has been displayed by the efforts of both the City and the companies involved to communicate the portal success in a manner that recognizes the contributions of all parties. For example, EDS placed ads in the New York Times and the International Herald Tribune that heralded the creation of Calgary's new online presence, whereas Microsoft and EDS jointly financed the production of a promotional video profiling the Calgary experience. Such forms of public recognition underscore the team-based nature of the processes between the city and its consortium partners – and the yielding of outcomes of value for all contributing stakeholders.

Indeed, such an approach has carried over to the City's present relationship with Motorola in developing 311. Calgary has agreed to serve as a 'showcase account' for Motorola, meaning that the efforts and outcomes of the work undertaken here will be profiled for use by municipalities in Canada and elsewhere.[65] This point suggests that although there are often notable risks in being first to develop a new initiative, such as 311, these risks can also be offset by the care and attention accorded to developing a new solution that is expected to have relevance for many other jurisdictions.

Even prior to Motorola's engagement as the lead vendor, the importance of preparation was recognized in terms of the internal actions undertaken by the city as well as interactions with companies such as Motorola. As noted above, 311 denotes a critical means toward achieving a more fundamental objective that had been adopted by the City in 2001 – improved service capacities for citizens. The telephone in particular had been highlighted as the communications channel most favoured by the public, but also the one generating the highest levels of frustration and problems for individuals contacting their municipality. Accordingly, a new call centre manager was hired in 2001 to orchestrate consolidation and coordination across the City's various call centre operations: the individual brought significant private sector experience to the task.[66]

With respect to preparing specifically for the 311 system, City officials spent 8 weeks of intensive preparation during the fall of 2003 in order to formulate an RFP that would account for all of the technological and organizational factors involved in this service transformation. Officials credit this upfront investment in the laying of a foundation that has so far proven durable in guiding the City through its May 2005 launch and beyond.

Once selected, Motorola began working with City staff in the refinement of the project charter and planning framework. An important, early contribution for Motorola has been in staff training – and contributing to ongoing efforts by the City's technology staff to raise information awareness across senior management levels, in preparation for the important cross-organizational process requirements of realizing a 311 system. Importantly, training involved two-way exchanges, as it was first necessary to 'train the trainers' from Motorola in the workings and objectives of the municipality in order to proceed in an appropriate manner. This knowledge transfer is crucial in beginning to underpin the cultural transformation required with the City to effectively accompany the technical and organizational apparatus that will underpin 311 processes.

As the new system facilitates citizen-centric approaches to information and service request, for instance, new or modified roles will emerge. Examples include call centre agents who will serve as the first point of contact and initial gatekeeper, personnel involved in records management and storage facilities, as well as interoperable information sharing across various business units, and service managers across the municipal organization who will be joined in more interdependent work flows and performance measurement frameworks.

Open and constant communication was underscored by all parties as a critical variable in nurturing a positive relationship between the City and Motorola. Weekly review meetings, informal exchanges and a continual willingness to share information characterized the interactions of managers and staff from both sectors: City officials pointed to one example of a potentially significant flaw that emerged in the application of Motorola's system to Calgary's organizational structures that was resolved within 72 hours of it first being reported.

Municipal officials also point to the strategic importance of their relationship with Motorola in several ways. First, the longevity of the 311 agreement – extending from its signing in 2003 to 2008, creates a revenue stream of sufficient magnitude for Motorola while also providing continuity and stability in the partnership. Secondly, Motorola's relationship with the City extends beyond 311 into other areas of City services, notably public safety equipment and this multi-faceted presence is viewed as a positive factor in viewing Motorola as a strategic partner contributing to Calgary's governance.

The risk of vendor dependence has been carefully managed through a rigorous set of project management controls agreed to by both parties, and the showcase account status creates a further incentive for positive outcomes. Moreover, the level of awareness and engagement by senior officials both managerially and politically also serves as an important oversight function in this regard.

Senior Level Buy-in & Support

In realizing this degree of organizational readiness across the Municipality, staff underscore the imperative role of the Mayor's Office in providing visible direction externally for the 311 philosophy, while helping to ensure the corresponding level of internal support necessary to both secure the required financial investment from Council and undertake the organizational changes required to make this vision a reality.

Importantly, the Mayor's commitment reflects an involvement with 311 that precedes Motorola's selection. As described above, Mayor Bronconnier preceded his present duties as a City Alderman who served on the portal project's steering committee, taking a keen interest in Calgary's evolution toward e-government. In preparation for 311, for example, Mayor Bronconnier led a small municipal delegation of senior staff members on a number of site visits in several American cities to learn from their experiences and gain a first hand perspective on what might be accomplished for Calgary.

Similarly, the decision to make Calgary a showcase account for Motorola is consistent with the Mayor's vision of City as a technology-centric community: the promotion of Calgary as a Canadian 311 leader contributes to the City's image in this regard. Calgary has tentative plans to host the 2006 meeting of the Motorola User Group, including more than 20 municipal clients now engaged in 311-type systems.

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[61] Source – Motorola product information presentation, provided by the City of Calgary.

[62] Further background information on both the initiative and the launch is available via the City's portal: www.calgary.ca

[63] As of June 2005, most of the call centre functions that had at one time been dispersed across business units have been consolidated within a central 311 venue, representing approximately 60% of total municipal calls. Perhaps the most notable function that remains separate at present is transit, as well as the more seasonably sensitive taxation support service. The Mayor of Calgary has been clear about the eventual objective of the City: the replacement of past blue pages that in the past have comprised over 500 listings and more than 300 unique numbers with two telephone numbers, 911 (for emergency services) and 311 (for everything else).

[64] Some City officials point further back to 1999 as a key milestone as well when the City undertook a sweeping review of all aspects of municipal operations and identified the improvement of municipal access to citizen services as a key objective.

[65] In June of 2005, for example, the City hosted a team of officials from Denver, Colorado.

[66] This individual is at present the Manager of Citizen Services with responsibility for the primary 311 call centre operation.

It is important to underscore here that a common finding of research on IT management is that projects often fail due to an absence of clear commitment and buy-in from senior management (and political leaders in the case of the public sector). There is, at the same time an important lesson in the reversal of such findings – namely that the presence of such leadership can do much to mobilize forces within an organization to ensure positive outcomes. Such a central perspective is particularly crucial for service transformations requiring a high level of coordination across segments of the organization that have traditionally been more autonomous than inter-connected. Both the portal and 311 initiatives (themselves interlinked components of the City's service transformation), confirm this view.

The importance of political support also extends beyond the Mayor to Council as a whole. Along with the important checkpoints and reviews of Council Sub-Committees, the engagement of elected officials is particularly crucial for a service transformation that carries the potential to impact their roles. In terms of 311, many early experiences revealed the potential for resistance at the political level in light of the perception that 311 may circumvent the traditional role – and source of visibility, of the politician in serving his or her constituents by responding to their concerns.

Other observers point out that the sort of information generated by a 311 system – in terms of identifying key issues of interest for the public, may in fact empower the elected official in this role. In order to clarify and nurture these changing roles dialogue and engagement are central and accordingly, City officials are planning for a series of sessions in the coming months to address these matters in concert with Calgary's elected members of city Council.

Lessons Learned and Conclusions

Three central lessons from both the portal development project and the current 311 implementation exercise.

- First, the importance of effective planning and preparation prior to engaging a private sector partner;
- Secondly, the central role of strong stakeholder buy-in at both the organizational and political levels;
- Thirdly, the necessity and value of fostering a team-based approach between government staff and private sector partners, making use of trust to positively inter-link both parties in a process both balancing and blending separate roles and skill sets with shared ownership and integrative outcomes; and
- Fourthly, the utility of viewing a service improvement or transformation initiative as an effort encompassing wide-scale changes to both the structures and the culture of the organization (changes requiring corresponding and sufficient investments to realize in a positive manner).

The creation of Calgary's portal marked the initial emergence of e-government for the Municipality, aligning the external focus on customer service with a more integrative internal architecture to facilitate this focus. The emergence of 311 denotes the next phase of such integrative thinking in a multi-channel environment. Both initiatives are important elements in allowing the municipality to adapt to new technological opportunities and rising service expectations of a more informed citizenry. The central importance of sound and high performing relationships between the public and private sectors in realizing this evolution is clear – and soon, citizens in many other Canadian municipalities can expect to see the results of this latest phase of public sector service transformation.