



**1999-714 Final Report**

**SUD of Electronic Commerce Initiatives**

**2000-05-09**



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## Table of Contents

<b>Executive Summary</b> .....	i
<b>1 Introduction</b> .....	1
<b>1.1 Authority for the Project</b> .....	1
<b>1.2 Objectives</b> .....	1
<b>1.3 Scope</b> .....	1
<b>1.4 Background</b> .....	1
<b>2 Issues Examined</b> .....	2
<b>3 MCF Overview</b> .....	3
<b>4 Findings</b> .....	4
<b>4.1 External Factors and Influences</b> .....	4
<b>4.2 Organizational Structure</b> .....	5
<b>4.3 Internal Rules, Factors and Influences</b> .....	6
<b>4.4 Culture and Climate</b> .....	7
<b>4.5 Planning</b> .....	8
<b>5 Conclusions</b> .....	10
<b>6 Recommendations</b> .....	13

## Executive Summary

### Authority for the Project

This Systems Under Development (SUD) project was part of the 1999/2000 Audit and Review plan as approved by Public Works and Government Services Canada's (PWGSC's) Audit and Review Committee.

### Objectives

The overall objective of this project is to assess the adequacy of the Management Control Framework (MCF) for the department's electronic commerce initiatives.

### Scope

This audit focused on the activities undertaken to date at a corporate level to position PWGSC to respond to the government's commitment to make services and information available on-line by 2004.

### Background

The Government of Canada in its October 1999 Speech from the Throne set a target of 2004 by which all government information and services are to be available on-line to Canadians at a time and place of their choosing. This commitment has built upon previous government commitments to connect Canadians and make Canada one of the most connected countries in the world.

PWGSC's efforts to put its services and information on-line have been grouped together under the Netvision/Government On-line (GOL) umbrella. All business lines in the department have identified initiatives in this area. The Government Telecommunications & Information Services (GTIS) Branch has also been tasked with developing the necessary infrastructure for both the department and the government, as a whole, to support this initiative.

### Key Findings

Key elements of the management control framework for PWGSC's electronic commerce initiatives include:

- ***A rapidly growing demand for the provision of government services and information on-line.*** Recently commissioned research shows that 83% of large businesses and more than

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

---

50% of small businesses want to be able to interact with the government through an on-line channel. For individual citizens, 31% want to do this, up from 18% one year ago. As more and more Canadians make use of electronic service delivery channels with private sector vendors, their expectations of how public services are to be provided are shifting rapidly. Getting government on-line is also seen as a major stimulus for getting the private sector to follow suit.

- ***The availability of funding will have a significant impact on the PWGSC's ability to achieve its targets.*** Significant concerns have been voiced about the government's commitment to provide the necessary funding to achieve the targets it has set for itself to put its services and information on-line. Very little additional funding has been identified for this initiative. There is an implicit assumption that it will be funded out of the department's existing A-base.
- ***Several different organizations within PWGSC have an evolving role in the Department's on-line initiatives.*** The Corporate Implementation Group (CIG) played a key role through much of 1999 in co-ordinating and bringing together PWGSC's on-line initiatives. Working with the Netvision working group which had representation from all business lines, it developed the department's response to the Speech from the Throne for the Treasury Board Secretariat and developed a draft charter for PWGSC's Netvision/GOL initiative. In February 2000, a Project Office was established within GTIS with, as yet, no formally approved mandate. The proposed governance structure for the initiative mirrors closely the Branch/Departmental governance structure with the Business Board being responsible for monitoring overall progress and ensuring that each organization involved is fulfilling its commitment.
- ***Efforts are ongoing to reinforce the importance of this initiative at the most senior levels of PWGSC.*** There are ongoing efforts to transmit information regarding this initiative on a regular basis throughout the organization. A significant portion of the October 1999 PWGSC Executive level conference focused on electronic service delivery. Regular updates over the past several months have been provided to the PWGSC Business Board on each Branch's activities supporting the Netvision/GOL initiative. It is understood that these regular updates will continue. Plans are also underway to develop a communications plan for getting the Netvision/GOL message out to all employees.
- ***It is not clear that all business executives understand the range of issues that Netvision/GOL raise, and the level of their involvement that will be needed to address them.*** The Netvision/GOL initiative is far more challenging from a business management perspective than Year 2000 (Y2K), which was mostly about priority setting and resource allocation. It will need to address business and policy issues such as information privacy, horizontal integration of processes and ways of doing business across branches, costs, reporting, and the maintenance of parallel delivery channels. It will require a fundamental rethinking of how service is provided to Canadians and a re-engineering of the underlying business processes *before* new technology solutions are implemented.

- **Current planning is focussed on individual business line initiatives rather than on an integrated PWGSC vision.** The draft Netvision/GOL Charter notes that “although each Branch uses the Internet as an instrument for information delivery, communications and research, there is no single vision or strategy for departmental Internet use which would allow it to take the next step towards electronic government.” Each Assistant Deputy Minister within PWGSC has been made accountable for integrating Netvision/GOL into their business planning and funding its activities from existing budgets.

## Conclusions

PWGSC has made progress in implementing a management control framework for its electronic commerce initiatives. It is clear, however, that it is still very early in the evolution of the MCF and much remains to be done. Based on this review of the evolution over the past six months, key areas for management attention at this time include:

- **The organizational placement of the Netvision/Government On-line Project Office.** Experience in other organizations that have successfully implemented on-line strategies has shown that strong business management leadership is imperative and that separate subsidiaries are usually required. This separate alignment is necessary to overcome the change inertia inherent in established organizations. In mid February, a project office was established within GTIS. From this location within PWGSC, it will be difficult for the Project Office to effect the timely horizontal integration and co-ordination of the various business lines within the department that will be required for Netvision/GOL to achieve its targets within the defined timelines.
- **The extent to which the process will be driven by business imperatives using technology as an enabler.** Both the literature, and more importantly, the practical experience of organizations that have succeeded with e-commerce stress that it is about business, not technology. It is certainly not business as usual, with a web site “bolted on the side”. Rather, it requires fundamental rethinking concerning the organization’s business strategy, its business model, and how it interacts with its customers. Everything must be examined, and reappraised from a customer viewpoint. E-commerce must be driven from a business perspective. Placing overall responsibility for the initiative with the PWGSC Business Board chaired by the Deputy Minister is consistent with the required business focus. The Business Board, however, must be supported by a Project Office that will ensure that the necessary horizontal information is placed before senior management for decision making. Placing the project office within GTIS suggests that PWGSC views Netvision/GOL as simply another technical problem that needs to be addressed.
- **Resource allocation.** To achieve its targets for Netvision/GOL, PWGSC will have to target its resources very judiciously. It must continue to offer service using traditional channels while at the same time moving to put all services and information on-line with little, if any, additional funding. Experience elsewhere has shown that costs tend to rise during this type of transition period before the benefits of more convenience and more complete information

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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and the economies of the new distribution channels are realized. By having each branch of PWGSC responsible for funding its own Netvision activities from existing budgets there is a significant risk that individual branches may make decisions that are sub-optimal from the perspective of the department as a whole.

The PWGSC Netvision/GOL Project Office as of February 29, 2000 had only four resources assigned to it, of which only one was full-time. Additional dedicated resources will be required for the Project Office to deal with the tasks ahead.

PWGSC must move quickly and decisively to meet the government's targets for 2004 and to keep abreast of the changes in the rapidly evolving electronic environment. Many believe that this challenge is far greater than what the government faced in addressing Year 2000 date processing issues.

### **Recommendations**

It is recommended that the Chair, Information Management Committee:

1. *Ensure the PWGSC Netvision/GOL Project Office  
be business-driven;  
have a high profile within the department (as high as the Y2K Project);  
have the necessary mandate; and,  
have the required resources,  
to ensure that the horizontal integration occurs in a timely manner.*
2. *Ensure that there is strong business leadership and a clear business focus for each of the department's Netvision/GOL initiatives.*
3. *Continue to monitor the progress of the PWGSC Netvision/GOL initiative with regular reports to the Business Board and the Information Management Committee (IMC).*

## **1 Introduction**

### **1.1 Authority for the Project**

This Systems Under Development (SUD) project was part of the 1999/2000 Audit and Review plan as approved by Public Works and Government Services Canada's (PWGSC's) Audit and Review Committee.

### **1.2 Objectives**

The overall objective of this project is to assess the adequacy of the Management Control Framework (MCF) for the department's electronic commerce initiatives.

### **1.3 Scope**

This audit focused on the activities undertaken to date at a corporate level to position PWGSC to respond to the government's commitment to make services and information available on-line by 2004. An extensive review of documentation relating to this initiative was undertaken and key departmental resources involved in the process were interviewed.

### **1.4 Background**

The Government of Canada in its October 1999 Speech from the Throne set a target of 2004 by which all government information and services are to be available on-line to Canadians at a time and place of their choosing. This commitment has built upon previous government commitments to connect Canadians and make Canada one of the most connected countries in the world.

PWGSC has a key role to play in helping the Government achieve its targets. Firstly, the Department and the Government Telecommunications & Information Services (GTIS) Branch has been tasked with developing the necessary infrastructure that will be required to support such an initiative. Early in 1999, GTIS began a restructuring activity to better position itself to procure and manage a federated architecture supporting secure Government of Canada electronic service delivery channel.

Several PWGSC business lines also play a key role in supporting the activities of other departments or the government as a whole, e.g., supply operations, receiver general, public service compensation and real property. These organizations have to look towards putting their services on-line, both for their direct clients in other government departments and agencies, potential suppliers, and, to a lesser extent, the public at large. PWGSC's efforts to put its services and information on-line have been grouped together under the Netvision/Government On-line (GOL) umbrella. All business lines within the department have identified initiatives in this area.

## 2 Issues Examined

The primary issue examined was the adequacy of the initiatives to date within PWGSC to support a strong MCF for the Department's efforts to make available its services and information on-line by 2004. Since very few of the initiatives have reached the implementation state, control activities surrounding execution and evaluation were not explicitly considered.



### 3 MCF Overview

In managing an organization, senior managers generally undertake three key activities: *strategic planning* (the process of deciding on the goals of the organization and the strategies to achieve these goals); *management control* (the process by which managers influence other members of the organization to implement the organization's strategies) and *task control* (the process of ensuring specific tasks are carried out efficiently and effectively). This audit focuses on management control.

A MCF consists of both management control operating activities and the environmental factors which influence how the controlling activities are being utilized. The seven key elements of the MCF are:

- ***external factors.*** This first element of the MCF asks overall how does the organization sense and react to its environment and what has been done to manage this environment.
- ***organizational structure.*** This element of the MCF considers how authority and responsibilities are aligned and how decisions are made.
- ***rules, factors and influences.*** This element asks what is the overriding policy framework and does it support the intended results.
- ***culture and climate.*** This element of the MCF looks at the values and norms of the organization and asks if it is consistent and supports intended results.
- ***planning.*** This element looks for gaps and appropriate linkages between strategic planning, annual planning and the revision process.
- ***execution.*** This element reviews the mechanisms used to ensure the effective implementation of operational activities.
- ***evaluation.*** This final element considers how performance is evaluated, as well as the quality of this information and what is done with it.

## 4 Findings

### 4.1 External Factors and Influences

*There appears to be a rapidly growing demand for the provision of government services and information on-line.* Recently commissioned research by Ekos Research Associates Inc.<sup>1</sup> shows that 83% of large businesses want to be able to interact with the government through an on-line channel, and that more than 50% of small businesses do as well. For individual citizens, 31% want to do this, up from 18% one year ago. Forty-six per cent of households now have personal computers and 59% of Canadians and 61% of small and medium sized enterprises use the Internet<sup>2</sup>. As more and more Canadians make use of electronic service delivery channels with private sector vendors, their expectations of how public services are to be provided are shifting rapidly. There is a growing expectation of simpler, more accessible, targeted, timely, and efficient public products and services.

Getting government on-line is also seen as major stimulus for getting the private sector to follow suit. It was a key piece in an urgent plan recently unveiled by the Canadian roundtable on e-commerce. There is considerable concern that if the Canadian government and private sector demonstrate a lack of urgency, they may forfeit first-mover advantage in the on-line market and accompanying global growth.<sup>3</sup>

*The availability of funding will have a significant impact on the Department's ability to achieve its targets.* E-commerce and putting government on-line has been identified as a key priority by the government. It is not clear as yet, however, whether sufficient funding will be provided to meet the targets set by the government. The estimated cost of achieving the government's 2004 target is approximately \$5 billion dollars<sup>4</sup>. Little additional funding has been specifically identified for this initiative. The February 28, 2000 budget speech identified \$160 million over a two year period (2000-2002) "to design and launch an initiative to offer federal government services on-line to Canadians and stimulate the use of electronic commerce". PWGSC already has a large loan repayment obligation outstanding with the Treasury Board for costs incurred to deal with date processing issues related to Year 2000. It is not clear that there is sufficient funding in the Department's A-base to maintain current services, repay the loan and fund this initiative. The private sector has already voiced concern about the level of commitment being demonstrated by the government towards this initiative.<sup>5</sup>

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<sup>1</sup> The survey results were released February 2000.

<sup>2</sup> Presentation on *E-Procurement at the Government of Canada*, to the Council for Information Technology Professionals, February 24, 2000.

<sup>3</sup> *Liberals' high-tech dreams in shambles*, published in the Ottawa Citizen, March 12, 2000.

<sup>4</sup> *Wired Canada to cost \$5B: Federal departments' services, information go on Web in 2004*, published in the Ottawa Citizen, December 12, 1999

<sup>5</sup> Gaylen Duncan of the Information Technology Association of Canada in *Liberals' high-tech dreams in shambles*, published in the Ottawa Citizen, March 12, 2000.

## 4.2 Organizational Structure

*Several different organizations within PWGSC have an evolving role in the Government of Canada's and the Department's on-line initiatives.*

The Corporate Implementation Group (CIG) played a key role through much of 1999 in co-ordinating and bringing together the Department's on-line initiatives. It was responsible for establishing the Netvision working group in August 1999 with representation from each PWGSC service line. This group which meet weekly from the time of its creation through to the first week of December 1999, was already working on the direction of the Department's on-line initiatives at the time of the Government's Speech from the Throne. After the Government's announcement of its target date of 2004, the working group was tasked with developing PWGSC's response to the Speech from the Throne. The working group prepared PWGSC's response to the Treasury Board Senior Advisory Committee, Information Management Committee (TIMS) and developed a draft charter for PWGSC's Netvision/Government On-Line initiative. With the acceptance of the Charter, CIG sees its role at the forefront of this initiative coming to an end.

In February 2000, an office was established within the Application Management Services Sector of GTIS to co-ordinate the Department's activities in support of the Government's on-line targets (the Government On-line Program Office). As yet, this office has no formally approved mandate. Four resources had been assigned to the office by the end of February 2000, of which only one was dedicated on a full-time basis. A submission was being prepared for the Resource Allocation Committee (RAC) of the PWGSC Business Board for the Office's ongoing funding.

The proposed Netvision/GOL governance structure mirrors closely the current Branch/Departmental governance structure. A specific governance structure to address the horizontal and innovative collaborative projects that are envisaged as part of PWGSC's on-line initiatives has yet to be developed. It is recognized that are several requirements for centralized co-ordination as Netvision/GOL moves forward in the department to ensure:

- overall co-ordination in such a way that respects Departmental objectives and policies, while at the same time, provides opportunities for horizontal collaboration; and,
- that initiatives are planned and best practices shared in a co-ordinated, horizontal manner across branches.

The Business Board has been identified as being responsible for monitoring the overall progress of Netvision/GOL and ensuring that each organization involved is fulfilling its commitment. It is the body responsible for resolving issues affecting the Department as a whole.

Individual Services within PWGSC are responding in different ways to the GOL initiative. Some such as Real Property Services (RPS) Branch have a formal focal point for its on-line initiatives<sup>6</sup>. Supply Operations Services Branch (SOSB) has identified the Office of Primary Interest (OPI)

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<sup>6</sup> As a result of an April, 1999 strategic management retreat within RPS, the Business Information Transformation Taskforce (BITT) was created. RPS Netvision opportunities are to be identified through this taskforce.

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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for a series of identified projects<sup>7</sup> but without an overall Branch project office or focal point. It is noted that SOSB does not have a formal project office for GOL. However, the SOSB IM/IT committee does provide a vehicle for tabling branch initiatives and establishing priorities with GTIS. This committee could serve as the forum that works with the GOL PO to effectively co-ordinate SOSB requirements with those of other Branches. The role of the Regions has not as yet been formally defined.

The Strategic Services Sector was established within GTIS to ensure that PWGSC had input into the development of the government's concepts on electronic commerce and Government On-Line. It has worked and is continuing to work closely with Industry Canada and the Chief Information Officer's Branch (CIOB) within Treasury Board Secretariat (TBS) to help formulate direction for TIMS. The three organizations are sharing the work involved in shaping GOL on the basis of expertise and availability. Its focus is primarily outward rather than specifically on what PWGSC needs to do to provide its own services and information on-line.

At the same time, the Secure Electronic Commerce and Emerging Technologies Sector within GTIS is moving forward in its efforts to procure a federated architecture supporting Government of Canada electronic service delivery (the "secure channel"). They are in many respects acting as the prime contractor on behalf of the Chief Information Officer's Branch within TBS. The Sector is also responsible for technical delivery of the infrastructure that will support PWGSC's efforts to put its on services (e.g., Buying Power 2000 and Electronic Procurement Through Settlement) and information on-line.

As of the end of February 2000, there was no formal relationship between Strategic Services Sector, Secure Electronic Services and Emerging Technologies Sector, the newly created GOL Program Office and individual Branch initiatives. There are several informal mechanisms in place, however, for exchanging information such as the Electronic Service Delivery Committee.

### **4.3 Internal Rules, Factors and Influences**

***Government on-line may require a less traditional procedural framework to be successful.*** There is a recognition within GTIS that to be successful, the GOL initiative requires a shortened decision-making process, simpler procurement processes like the Year 2000 (Y2K) model and a fast track access to experts and to key people. As with Y2K, the resources with the required skill set are limited and in high demand. The on-line environment is evolving very rapidly such that the industry speaks in terms of "web-years" which are roughly 3-month intervals. (This is the time it takes for a substantial innovation in technology to move from concept to development to implementation.) It is recognized that the typical practices in government were not designed for an environment changing this quickly.

***GTIS has a very mature project management approach that it has used on a wide range of projects.*** Through Deputy Minister Directives and other guiding instruments, PWGSC has established a departmental policy infrastructure that is consistent with and supportive of the framework of legislation and TBS policies and guidelines. Most recently, PWGSC applied this

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<sup>7</sup> November 1999 presentation to the PWGSC Business Board.

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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process to its Year 2000 initiative. It is the Deputy Minister's intent to apply many of the lessons learned from that initiative to the current one for putting Departmental services and information on-line. Feedback from the October 1999 EX Conference suggests that as of that time, each business line was pursuing its own Netvision using an independent approach.

***TBS has yet to provide guidance on how on-line initiatives are to be structured.*** PWGSC has indicated that its Netvision/GOL services are to present a common face, conform to government-wide "branding strategies" and operate according to a common set of technology standards. Standards, guidelines and tools have yet to be developed by the Treasury Board Secretariat for use by all government departments on their internal initiatives. It is hoped that the Strategic Infrastructure Initiatives (SII) Office will provide a framework for on-line initiatives in the same manner that TBS provided overall government leadership for the Year 2000 initiative.

#### **4.4 Culture and Climate**

***Efforts are ongoing to reinforce the importance of this initiative at the most senior levels of the Department.*** There are ongoing efforts to transmit information regarding this initiative on a regular basis throughout the organization. A significant portion of the October 1999 PWGSC Executive (EX) level conference focused on electronic service delivery. The Deputy Minister<sup>8</sup> made it clear to all senior management the importance of IM/IT, including e-commerce, for the Department as it goes about its business, and as it participates, manages or leads in the government-wide implementation of such systems.

The Assistant Deputy Minister (ADM) GTIS cautioned that PWGSC must focus on how it should do things and then introduce technology to expand its reach and value, reduce cost, and help enable the new knowledge economy rather than automate everything that moves. The CIG presented a paper which addressed the challenges associated with electronic service delivery and outlined an approach for engaging the six PWGSC business lines in the process and the Departmental Business Board in governance.

Regular updates over the past several months have been provided to the PWGSC Business Board on each Branch's activities supporting the Government On-line initiative. It is understood that it is the Deputy Minister's intent to continue these briefings at each Business Board meeting. Plans are also underway to develop a communications plan for getting the Netvision message out to all employees. It is recognized that information discussed at senior level management committees is not consistently transmitted to all employees.

***While it seems that everyone across the Department want to get in on GOL as quickly as possible, it is not clear that business executives understand the range of issues that it raises, and the level of their involvement that will be needed to address them.*** Within GTIS, there is a broad recognition that GOL is a far more challenging from a business management perspective than Y2K, which was mostly about priority setting and resources allocation. While GOL involves these aspects as well, there are other more significant business issues that will have to be addressed first such as information privacy, horizontal integration of processes and ways of

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<sup>8</sup> Comments made in his speech at the EX Conference October 14, 1999.

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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doing business across branches, costs, reporting and maintenance of parallel delivery channels. In summary, it will require a fundamental rethinking of how service is provided to Canadians and a re-engineering of the underlying business processes. This requirement must come before new technology solutions are implemented. There is a concern that a wholesale adoption of the Year 2000 template may lead to little more than digitization of the existing processes which would not enable the realization of the full benefits of placing government services and information on-line.

The Secure Electronic Commerce and Emerging Technologies Sector within GTIS has been endeavouring to play a leadership/consciousness raising role in concert with the GartnerGroup and the CIOB. They have put together a series of seminars and workshops to try and insure that government managers are aware of the possibilities of on-line electronic commerce, and of some of the issues that need to be addressed to take advantage of these possibilities.

#### **4.5 Planning**

*There are significant planning challenges surrounding PWGSC's on-line initiatives.*

There is a recognition within GTIS of some of the significant planning challenges facing the Department as it works to meeting the Government's 2004 challenge. The ADM GTIS noted at the October 1999 EX Conference that the concept of time is quite different than the historical definition when talking of on-line initiatives and that the traditional planning approaches are more and more problematic in dealing with it. The industry now speaks in terms of "web-years" which are roughly 3-month intervals while most businesses and all government plan on a one-year to five-year basis.

*Current planning is focused on individual business line initiatives rather than on an integrated PWGSC vision.*

The draft Netvision/GOL Charter notes that "although each Branch uses the Internet as an instrument for information delivery, communications and research, there is no single vision or strategy for departmental Internet use which would allow it to take the next step towards electronic government."

All Assistant Deputy Ministers within the Department have been made accountable for integrating Netvision 2000 into their business planning and for reporting progress to the PWGSC Business Board. The results of this planning effort should be evident in the next round of business plans prepared by each business line. Each branch is responsible for funding its own Netvision activities from their existing budgets and to meet and report back on established timelines. It is recognized that the Department may need to reallocate resources either from corporate reserves and/or through branch clawback for whole-of-PWGSC/innovative Internet initiatives.

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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*The detailed planning and management framework for on-line initiatives has yet to be finalized and approved.*

Each Branch within the Department has identified potential services to the public and to other government departments that could be provided on-line. These have been classified into Tier 1 and Tier 2. Tier 1 initiatives will help to reinforce PWGSC's on-line presence, whereas Tier 2 initiatives are intended to provide full electronic service delivery. Tier 3 initiatives have yet to be defined, but are anticipated to include leading edge pilots of inter-jurisdictional electronic service delivery. Specific project details for Tier 1 must be provided by April 2000 and for Tier 2 by September 2000.

This compendium of what is currently underway or planned and where it fits in the TIMS three-tiered model was presented to both the PWGSC Business Board and to TIMS as its "gap" analysis. It is recognized that considerable work is required to provide more specific project details by the TIMS set target dates.

Several issues have been identified to the PWGSC Business Board such as a prioritization methodology and how horizontal initiatives will be managed. The recently created PWGSC GOL Program Office is well aware of these issues and recognizes that they must be addressed and resolved quickly to meet the Government's targets.

## 5 Conclusions

PWGSC has made progress in implementing a management control framework for its electronic commerce initiatives. It is clear, however, that it is still very early in the evolution of the MCF and much remains to be done. Based on this review of the evolution over the past six months, key areas for management attention at this time include:

- *The organizational placement of the Netvision/Government On-Line Project Office.*

Work undertaken by the GartnerGroup<sup>9</sup> indicates that moving an organization to where PWGSC wants to go requires a multiyear business plan and it is as much a political process as a technical one. It requires leadership from senior business management and alignment with the organization's knowledge management goals. Most successful organizations including Wal-Mart, the world's largest retailer, have found it necessary to create a separate subsidiary for their e-commerce initiatives. Several factors have led to this, including:

- ♦ e-commerce and the Internet are "disruptive technologies"<sup>10</sup> that overturn traditional business models, making it difficult for an established organization with its own cultural inertia to embrace; and
- ♦ new distribution channels created by the Internet may not create new markets but rather take away volume from other traditional distribution channels (i.e., mail, telephone) thus threatening jobs in units that deliver according to the old business model. While the government model of making service available when and how Canadians want it means that old mechanisms will remain, the number of civil servants required to support it is likely to decrease. Those whose jobs will be effected will resist this change. Depending on where these jobs are located, there may very well be political ramifications as well.

A strong champion who can provide business leadership at the most senior levels of the organization is also seen as imperative to maintain the required momentum of an initiative such as this.

In mid February the project office was established under the direction of a Director in the Applications Management Services Sector of GTIS who currently has other responsibilities within the Sector. Such a placement is not consistent with the experience of successful organizations elsewhere.

From such a location it is more difficult to effect the timely horizontal integration that is imperative and provide the support the PWGSC Business Board requires as it carries out its decision making role. Responsibilities of such an office are likely to include:

- ♦ ensuring that Netvision/GOL initiatives are planned and best practices shared, in a co-ordinated, horizontal manner across branches;

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<sup>9</sup> *A Framework for Enterprise Portals Simplifies Intranets*, GartnerGroup Research Note, March 12, 1999.

<sup>10</sup> Term coined by Clayton Christensen of the Harvard Business School.



**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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- ◆ fundamentally rethinking business processes without being tied to current processes and practices;
- ◆ providing Secretariat support to the Business Board in evaluating and monitoring innovative Netvision/GOL initiatives that may need to be managed across business lines;
- ◆ creating the framework of project management processes to guide all Netvision/GOL initiatives within PWGSC; and
- ◆ assisting in resolving the allocation of scarce resources to different business lines across PWGSC for Netvision/GOL initiatives.

It is unlikely that the individual PWGSC business lines will be able to resolve these types of issues without strong direction from a co-ordinating body that is seen to have the necessary mandate and profile within the organization.

- ***The extent to which the process will be driven by business imperatives using technology as an enabler.*** Writers and thinkers about e-commerce, some of whom include executives of Canada's largest companies (e.g., Jean Monty, Chief Executive Officer of BCE Inc.), repeatedly stress that e-commerce is about business, not technology. It is emphatically not business as usual, with a web site "bolted on the side". It is about:
  - ◆ fundamentally rethinking the organization's business strategy, its business model, and how it interacts with its customers;
  - ◆ reappraising everything from a customer viewpoint, along the entire value chain; and
  - ◆ integrating the entire value chain -- from suppliers, to internal operations, to marketing, sales and final delivery to the end customer.

It must be driven from the business perspective, and led by those who know the business without being wedded to current practices, with assistance from those who will provide the necessary technical infrastructure. Placing overall responsibility for the Netvision/GOL initiative with the PWGSC Business Board chaired by the Deputy Minister is consistent with the required business focus. The Business Board, however, must be supported by a Project Office that will ensure that the necessary horizontal information is placed before senior management for decision making. It must also be seen as having a strong business focus rather than a technology focus. Placing the project office within GTIS suggests that PWGSC views Netvision/GOL as simply another technical problem that needs to be addressed.

- ***Resource allocation.*** Over the next several years, PWGSC management will have to make some very difficult resource allocation decisions. In working towards 2004 it must continue to offer service using traditional channels while at the same time moving to putting all services and information on-line. Experience elsewhere has shown that costs tend to rise during this type of transition period before the benefits of more convenience and more complete information and the economies of the new distribution channels are realized. The February 28, 2000 federal budget made it clear that there will be little new funding at this time to assist in this transition. As a result, it is imperative that the PWGSC Business Board play a key role in setting the priorities for the department.

**1999-714 SUD of Electronic Commerce Initiatives  
Final Report**

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The draft Netvision/GOL project charter indicates that each branch of PWGSC is responsible for funding its own Netvision activities from their existing budgets. Such an approach, however, carries with it a significant risk that individual branches may make decisions that are sub-optimal from the perspective of the department as a whole. Effective processes and structures will have to be implemented to ensure that this risk is minimized.

The PWGSC Netvision/GOL Project Office as of February 29, 2000 had only four resources assigned to it of which only one was full-time. It is clear that with the task ahead of it, additional dedicated resources will be required:

In summary, PWGSC must move quickly and decisively to meet the government's targets for 2004 and keep abreast of the changes in the rapidly evolving electronic environment. Many believe that this challenge is far greater than what the government faced in addressing Year 2000 date processing issues. As such, it would be highly beneficial for the Audit and Review Branch to provide regular ongoing feedback to senior management on the adequacy of the management control framework for PWGSC's Netvision/GOL initiatives.

## 6 Recommendations

It is recommended that the Chair, Information Management Committee:

1. *Ensure the PWGSC Netvision/GOL Project Office  
be business-driven;  
have a high profile within the department (as high as the Y2K Project);  
have the necessary mandate; and,  
have the required resources,  
to ensure that the horizontal integration occurs in a timely manner.*
2. *Ensure that there is strong business leadership and a clear business focus for each of the department's Netvision/GOL initiatives.*
3. *Continue to monitor the progress of the PWGSC Netvision/GOL initiative with regular reports to the Business Board and the Information Management Committee (IMC).*