Fix IT

BC tackles IT procurement reform

by Jeff Jedras

With a reorganization of ministries and reform of procedures, the British Columbia government is beginning to address concerns that the government's procurement practices don't work for information technology projects.

The issue of how the province sources IT contracts first arose last summer, as the Premier's Technology Council (PTC) held discussions across the province looking at the digital divide. Made up of senior technology industry executives, the PTC was created to give Premier Gordon Campbell advice on technology issues.

Len Juteau, the PTC's director of operations, explains that while they were holding their consultations and were in talks with companies and industry groups, the issue of IT procurement kept coming up.

"IT procurement is a different way of doing things; you're dealing with a different set of skills that's needed here," says Juteau.

Because of that feedback, the PTC held another round of consultations looking specifically at IT procurement. A one-day symposium was also dedicated to the topic, focussing on identifying problems and possible solutions.

The results of the symposium made up a large part of the PTC's third report released last fall. The thrust of the group's findings was that the traditional commodity-based procurement system is inadequate to deal with the more complex, IT solutions-based requirements of government today.

The report found a need for education on both sides; a procurement process too complex and lengthy; a lack of consistency in procedures across departments; and concerns over intellectual property, something that doesn't usually come up in non-IT procurement.

Participants also felt that the government lacked a clear IT vision, and that joint solutions procurement (JSP) should be used more often. JSP offers an alternative method of contracting for IT requirements with a measurable service component. The process differs from a regular Request For Proposal (RFP) by integrating joint supplier/ministry working sessions into the selection process and allowing vendors more creativity in developing a proposal.

Juteau says some of those concerns are being addressed: the CIO position is being moved into the Ministry of Management Services, and the acting CIO, Scott Campbell, is also becoming a deputy minister. The reforms bring the government's telecommunications and electronic services into one organization.

"We recommended in essence an IT procurement czar, that there be one person identified to lead that," says Juteau. "They're realizing that IT procurement is different from buying commodities. You're dealing with processes as opposed to items."

While selling to the government can be difficult for larger technology companies, some smaller companies outside of Vancouver and Victoria (like Campbell River's iTech Solutions) claim it's next to impossible.

"When it comes to IT procurement by the government, it's really no different with any branch from federal right down to municipal," says iTech CEO Sean Smith. "More often then not they tend to go the whiz-bang route without actually taking a good hard look at the software or the company they're going with."

Smith says when he finds out about a government RFP it's usually by accident. The RFPs will go out to the larger companies, but the smaller firms usually don't get a chance.

"It really is a wacky system," complains Smith. "We only happen to find out because somebody knows somebody else in Victoria."

Smith says IT RFPs need to be advertised better. For example, there are many technology associations across the province that could be used to give notice of technology RFPs to their members.

"They talk about becoming an e-government, but the process they're using to get to that stage is laborious at best, and in some cases totally nonfunctional," says Smith. "The processes they're looking for are already in use in other places and yet they seem totally intent on reinventing the wheel in so many ways."

Richard Poutney, director of procurement reform in the Ministry of Management Services, says the government is familiar with many of the concerns raised in the report, and it has been addressing them one by one as it completes a wider review of government procurement.

"Procurement reform overall is meant to try and improve our procurement culture to make sure we're a smarter buyer. One of the areas that's of primary interest, because it's a fair number of dollars and because it's an area that has a lot of difficulty, is the IT area," says Poutney.

He says they've heard the concerns around terms and conditions, and they're working to change the language in their standard solicitation documents to make it less onerous and easier for the IT vendor community to respond.

According to Poutney, when you're building a system from the ground up to deliver a certain program, the tendency in government is to define the requirements

too closely and in too much detail. That doesn't allow the vendor the chance to use their creativity and skills to find a unique and competitive solution.

"We say it must be a box this high and this wide, it must weigh this much and be colored blue, rather then say the outcome is we want to have this service available 24/7 in these communities," says Poutney. "That seems particularly necessary in the IT area, and it's not something we do well enough."

The province is planning to make more use of JSP to give vendors the opportunity for more creativity in the procurement process. Poutney says they haven't done many JSPs to date because they don't have the capacity within government; but they're in the process of revamping their JSP process and expect to use it more in the future.

Part of that revamping included consolidating much of the government's IT resources within one ministry, the Ministry of Management Services. Interim CIO Scott Campbell gets the position of deputy min-

ister, and common information technology services and the procurement agency are now under one roof to allow better communications.

A standing industry group headed by the CIO has also been formed to provide ongoing advice on building a better relationship between government and IT suppliers.

"They're looking at clarifying and improving our language around intellectual property, which was one of the irritants, and we're just about there on a mutually agreeable solution," says Poutney. "Another issue was indemnification, and we've come together with industry to get an understanding of what the problem is from their perspective."

On the education front, Poutney says a joint public sector/industry cohort is currently going through a Royal Roads MBA course on risk and procurement management to give each group a better understanding of IT and the procurement pro-

cess. "This isn't magic wand stuff – what you're really talking about here is a cultural change," says Poutney. "It's ensuring that you have competent, capable people and the capacity to do these things and understand how to interact with the vendor community."

Observers shouldn't expect any one major move or announcement to revamp procurement practices for IT. Rather, Poutney says, considering the problems raised in the PTC report and the ongoing input from industry, the government is addressing the issues one by one.

"I can't say it's just one place right now, but I think we're definitely moving in the direction of being able to provide a more focused lens into government for the vendor community," says Poutney. ∿∿

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