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Standing Committee on Government Operations and Estimates

EVIDENCE

Thursday, May 5, 2016

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Chair

Mr. Tom Lukiwski

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● (1530)

[*English*]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Welcome to the 11th meeting of the Standing Committee on Government Operations and Estimates.

We have a number of guests from Shared Services Canada with us today. Before I ask them to introduce themselves and make some opening statements, I would like to tell the members of the committee that I would like to take probably no more than five or ten minutes at the end of the committee for some quick committee business based on some information we received today from the minister responsible for Canada Post. With your agreement, we'll dismiss our witnesses about 10 minutes before the end of the meeting to discuss that item.

As I mentioned earlier, we have with us today representatives from Shared Services Canada.

Mr. Parker, it's good to see you again. Sir, will you kindly introduce who you have with you? Then we'll ask you to start your opening comments followed by two hours of intense questioning, I'm sure, by our members.

Mr. Ron Parker (President, Shared Services Canada): Thank you, Mr. Chair.

I have on my left side Mr. John Glowacki, the chief operating officer for Shared Services Canada. On my right side is Monsieur Alain Duplantie, the chief financial officer for Shared Services Canada, a recent addition to our department.

With that, Mr. Chair, I would propose to go quickly through the overview.

[*Translation*]

The objective here is simply to give you an overview of SSC's mandate, of its information technology transformation agenda, of its short-term priorities, and of course to answer your questions.

SSC was created five years ago to improve IT infrastructure service delivery, transform the government of Canada's email, data centres and networks, and generate value by implementing a government-wide approach to managing IT.

[*English*]

SSC was set up over a period of time. It was announced in August 2011, and then there were the acts that established it and several OICs. It involved the transfer of personnel, assets, and contracts from 42 separate departments and unique organizations into one central department.

Something of this order of magnitude is unprecedented in the Government of Canada. When you think about a merger and acquisition, usually you're talking about two firms, and effectively here, we're taking personnel and assets from 42 firms. That gives you a sense of the order of the transformation overall. To carry out our mandate, we work very closely with the Treasury Board Secretariat, Public Services and Procurement Canada, the security agencies, and all the partner departments.

The starting point we had is one of the parts I'd like to underscore. It was very diverse. There were about 1,500 mission-critical systems, applications that cover very important programs for the Government of Canada around benefits, employment insurance, policing, and tax systems. The overall order of magnitude was about $2 billion per year on this suite of services. To give you a sense of scale, at the time SSC was established, the overall spend on IT in the Government of Canada was about $5 billion. So roughly 40% of the overall expenditure was affected by the transfer and creation of SSC.

The balance of that expenditure, which still resides in the departments, is on the applications that are running on the infrastructure and the end-user devices, for example, that are maintained in the departments: laptops, desktops, all those types of devices.

We started with 63 different email systems for 43 departments, and more than 500 data centres varying in size and quality. Over time, we've discovered a wide range of—I wouldn't call data centres—servers and equipment spread across the country as well. There were 50 wide-area networks that are siloed, set up narrowly, which didn't necessarily talk to each other in over 3,500 buildings.

● (1535)

That gives you a general sense there's a lot of duplication and a lot of possibilities for efficiency. I'll get to it in a bit, but with all of these different points of entry into the Government of Canada systems, it also provides a significant security concern.

The starting point was complex, costly, and insecure. It has a long-term unfunded liability. As the Auditor General noted in his report of 2010, there needed to be significant investment. That was one of the factors that led to the establishment of Shared Services Canada.

What's the transformation about? It's about consolidating those data centres. We're looking at going from over 500 to about five data centres, from 63 email systems to one email system, from more than 50 siloed networks to one Government of Canada network, and modernizing the telecom systems. A lot of the telecom facilities we have are nearing end of life. We need to provide for the procurement of a centralized spot to do the procurement of workplace technology devices with a view to improving the overall security of those devices that's permitted by the centralization.

What will Canadians see, and those clients who will provide those services to Canadians? They'll see fewer systems, fewer failures of those systems, improved security, more bandwidth, more storage, and things like improved video conferencing.

How does this all fit with the bigger picture? In a digital world, we'll be more capable of handling the big data, supporting the mission-critical applications, protecting the sensitive information of Canadians, and having more flexibility in terms of the storage and compute capacity for the government. This is becoming a big issue in the science community, for instance, where you have very large datasets that are initially there, but then the scientists use them, crunch them, and don't need them anymore or want to archive them. Do you want to put that in a data centre and hold that for the Government of Canada on an ongoing basis? Probably not, if it's unclassified data.

All of this aligns with overall digital service delivery, efficiency in internal services, and the modern agile public service.

[*Translation*]

I think that SCC has made significant progress in its transformation. As I said earlier, the data centres are an important aspect.

We created three enterprise data centres for the Government of Canada. We made improvements to the process and significant improvements to the system's security. We established security operations centres. We examine all of the government's purchases and verify where the equipment comes from, to make sure it is safe.

Finally, we have substantially streamlined the telephone system. We awarded contracts to two companies to begin streamlining the networks. The rollout began this week and we have begun installing and implementing the new networks. For this project as well, this is just a start.

In 2016-2017, SCC will reset its plans for transformation. We are currently carefully reviewing all of the hypotheses that underpin the transformation plan. The moment is crucial for that review and study. We are closely examining budgets, the time needed to reach objectives, and the size of the projects, in order to be able to meet the government's needs in the context of an economy based on innovation and the services provided to Canadians.

● (1540)

[*English*]

We're moving to a different type of business model relative to what was established previously, with clear focus on the elements that are necessary for the transformation and the operations of the department to be successful: a new service strategy to reinforce the delivery of quality service to the clients; a financial strategy looking at different pricing strategies; and the long-term sustainability of the IT infrastructure. Project management is key for a department like SSC.

And finally, the people strategy, which is probably the most important of all, given that our employees are the most important asset that we have; the skills and talent that they bring will make the projects happen.

The Chair: Mr. Parker, if I may interrupt, we normally allocate about 10 minutes for opening statements. We're considerably over that now, and I would be quite frankly doing a disservice to committee members if I didn't allow them adequate time to question you and your officials. I suspect that for most of the questions we'll be able to elicit the information that you have contained in your presentation that you haven't yet got to.

With that, sir, I'm going to cut you off, frankly, and we'll go into the line of questioning.

Madam Ratansi, you have seven minutes, please.

Ms. Yasmin Ratansi (Don Valley East, Lib.): Thank you very much, Mr. Parker, and thank you to your team for being here.

I was listening to you. You really have a complex mammoth elephant that you're trying to convert into a thoroughbred racehorse. I am very familiar with mergers and acquisitions and strategic planning. You're new to this job; you've taken over something that was created by somebody, and now you have to move with this mammoth elephant.

The Auditor General, despite things you've been saying, has said in his 2015 report that SSC lacks a strategic plan, doesn't have a comprehensive catalogue, and doesn't have a service plan. I'm not blaming anybody there. I know it was done during a previous regime, a previous government, but for us, as parliamentarians it's our job to ensure that moving forward we learn some lessons from this, because legacy systems will continue, as you've talked about sustainability.

Do you now have a strategic plan that shows the road forward?

● (1545)

Mr. Ron Parker: The strategic plan that the Auditor General was discussing, I believe, was the strategic plan that the Treasury Board Secretariat is responsible for dealing with, the IT strategic plan. Treasury Board Secretariat is drafting that plan, and we are contributing to it, but it provides the basis for the overall direction of where they think the technology should go.

Ms. Yasmin Ratansi: Basically, then, the Treasury Board under the previous government did not have a strategic plan and therefore the operation was a mishmash among the 42 firms you are trying to consolidate.

How many times has this system been reset?

Mr. Ron Parker: The Shared Services transformation plan was first set in 2013 and then went back to Treasury Board ministers as a report in June 2015.

We are asked to report annually. As part of getting ready for this year's report, we're taking the opportunity to do a complete reset of the plan to look at all of the underlying assumptions, the time, the money, the resources required to accomplish the objectives that have been set for the transformation.

Ms. Yasmin Ratansi: Are you starting from base zero, then?

Mr. Ron Parker: It's not base zero in terms of the objectives. Projects are launched. We have launched the email transformation, we've launched the renewal of the networks, some of the data centre migrations have begun, and we've established three of probably five data centres. But we need to look at how quickly those can go, what cost they're going to have, and whether we have the complete resource skill sets that are required to finish the job.

Ms. Yasmin Ratansi: It comes back to my question about a strategic plan, which is in the development stage, and hopefully somebody is taking responsibility. The current government is really very evidence-based, and it is taking the responsibility to create that plan.

With all of these resets, are you going to be able to meet your transformation deadline of 2020?

Mr. Ron Parker: As part of the exercise, it's a set of trade-offs between budget, scope, and time. Those are the variables we have to look at. Going faster could cost more, or if you reduce the scope, you could go faster potentially. At this point, I don't know for certain where those are going to land.

We're going to be reporting to ministers in the fall. This summer there'll be an independent external review of the plan by external experts whom the Treasury Board Secretariat will contract, to validate whether or not it's a realistic plan and whether we have the capacities to deliver on it.

Ms. Yasmin Ratansi: If I were to look at the whole SSC structure, what are some of the challenges that you are facing going forward?

There's a strategic plan that was not created, expectations that were brought up here on the assumption that so many systems would be all integrated, that there would be cost savings, etc. What are some of the challenges?

Let's be practical. We want the system to succeed. We really do. We want it to be sustainable. What are some of the challenges that you face?

● (1550)

Mr. Ron Parker: There are a number of challenges. Funding is one of the challenges, but only one of many challenges.

Ms. Yasmin Ratansi: In what way?

Mr. Ron Parker: Because the projects are delayed, for example, the savings that are accruing are smaller than planned. That means that we have to reprioritize across the projects and operations.

The projects are more complex. The systems are more complex, as well, in terms of what was discovered when this set of infrastructure was passed over. The interdependencies across the networks, the data centres, and the security aspects are much greater than was anticipated.

The ability of vendors to deliver what we're looking for on the schedule that we're looking for is proving more difficult than expected.

There are quite a few elements of this exercise, this project, that are quite difficult.

The Chair: We will have a second round of questions.

We'll go to Mr. Blaney for seven minutes, please.

[*Translation*]

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Thank you, Mr. Chair.

I want to pay tribute to the work done by my colleague Ms. Ratanski, who presented good arguments and described the committee's work well, work that is intended to improve the situation in this area.

I want to welcome you, Mr. Parker, and your eminent colleagues.

Earlier I was quickly reading over the Auditor General's report. Sometimes the Auditor General likes to give good news, but if he wants to find the solution to a problem, sometimes he has to take the bull by the horns. One sentence in his report surprised me. I am paraphrasing, but he said that if Shared Services Canada had been a private company, it would have lost all of its clients. This is worrisome for taxpayers when one thinks of the services provided by the departments.

Just to situate the discussion, I wanted to ask you the question raised in the report. Does Shared Services Canada still have more that 6,000 employees?

Mr. Ron Parker: We currently have around 5,800 employees, so the figure you quoted has changed slightly. We are looking for people to fill certain positions.

Hon. Steven Blaney: You have positions to fill.

What percentage of those 5,800 employees are in the national capital region? How many are here, approximately?

Mr. Ron Parker: There are about 1,400 employees in the regions.

Hon. Steven Blaney: That means there are over 4,000 or 4,500 employees in the national capital region. So the majority of your staff is here. You still have a budget of $1.4 billion.

Mr. Ron Parker: Parliament grants us our budget. Another part of it comes from revenue generated by services provided to departments. That adds about $500 or $600 million.

Hon. Steven Blaney: What is the total, Mr. Parker?

Mr. Ron Parker: It is about $2.2 billion.

Mr. Alain Duplantie (Senior Assistant Deputy Minister and Chief Financial Officer, Shared Services Canada): Yes, it is about $2 billion altogether.

Hon. Steven Blaney: So we are talking about 6,000 employees and a $2-million budget.

Mr. Parker, I would have liked your presentation to contain an answer to Ms. Ratansi's question. She was talking about a type of strategic plan or roadmap.

We know that your organization was created in 2011, and the plan was that you reach your objectives by 2020. For all intents and purposes, we are at the halfway point. You seem to be telling us that it will be difficult to reach the objectives by that date. Can you give us some idea of where you are at in the conversion? Can you give us a picture of the remaining steps and the challenges you must meet?

Mr. Ron Parker: There are three big projects in the email transformation system. This project was supposed to end in March 2015, but I do not know exactly when it will be complete. The next steps for the migration of the departments have yet to be negotiated with the supplier.

As for...

● (1555)

Hon. Steven Blaney: Excuse me, but I think that the email system is one of the three axes. You mentioned 52,000 emails. What does that represent? Is that a third, a half or three quarters of your mandate?

Mr. Ron Parker: There are approximately 500,000 mailboxes.

Hon. Steven Blaney: So we are talking about 10% of mailboxes that have actually migrated to Shared Services Canada.

For instance, are parliamentary mailboxes—mine is P9—now with Shared Services Canada?

Mr. Ron Parker: Parliamentarians are not covered by our service.

Hon. Steven Blaney: So, for the first part, involving email, you are about at 10% of completion.

Mr. Ron Parker: Yes.

As for the networks, we have just begun implementing the new networks. Despite a six-month delay, I expect to meet the 2020 deadline.

Hon. Steven Blaney: You say that you expect to meet your objective for the networks?

Mr. Ron Parker: Yes.

Hon. Steven Blaney: And at this point, what percentage of completion have you achieved?

Mr. Ron Parker: This has just begun.

Hon. Steven Blaney: We are in 2016 and all of the networks have to be put in place over the next four years. As for the cost of the networks, are things going equally well?

Mr. Ron Parker: Yes.

The biggest issue is with the data centres. We have gotten behind on that part. I don't yet know our percentage of completion, because there is still some work to do with the process and the assessment of the business clients' needs. We are currently working on the planning stages to give us some idea of when that part of the project could be completed.

As I mentioned, it is not just a matter of time, but also of funds. With more funds, we can make more rapid progress, but with fewer funds, we move forward more slowly.

Hon. Steven Blaney: Thank you.

[*English*]

The Chair: I'm sorry, Mr. Blaney, we're out of time. I hope we can get the answer to that question in the next round.

Mr. Weir, please, you have seven minutes.

Mr. Erin Weir (Regina—Lewvan, NDP): Thank you very much for the presentation. I was struck by its fairly optimistic tone about the work that Shared Services Canada is doing. You could look at other sources that would suggest it's been a huge boondoggle. I suspect the truth probably lies somewhere in between, but to shed some light on that truth, I was wondering if you could speak to the top three or four mistakes that you feel were made by the organization, perhaps by your predecessor.

Mr. Ron Parker: There are a number of lessons learned that I draw out of the experiences we've had. First, culture change is a big part of what this project is about, and you can't underestimate it with 43 different departments coming together, with 43 different ways of operating, and 43 different ways of thinking. It's an issue.

Second, and this flows from the Auditor General's observations as well, you need solid benchmarks at the start of the exercise to gauge your progress and to know what infrastructure you're inheriting. The estimates of the funding that was being spent on the infrastructure were rough. What the assets were, to a large extent, was not completely known. The service levels that were coming with the equipment were not established. In some cases there were services, but in a lot of cases there wasn't a benchmark to start.

A third lesson learned, that I can see is that, in these types of exercises and projects, it's important to invest at the outset. I'd over-invest in training people getting ready for the transformation. I'd over-invest in the tools and the processes to make sure you have all of the equipment and tools you need to jump-start and make sure of the service levels to clients. As Mr. Blaney was saying, the service levels had suffered, and you want to put safeguards in place to make sure that doesn't happen.

Finally, I'd take more time to plan to get into a deeper level of detail before launching the projects, and that's why what we're doing now is so important. We're looking at what the realistic procurement times are and what the times to do the projects are in cooperation with partners. It's an open dialogue we have. We need to know what their readiness is to move into a new data centre. They need to invest time and resources on their side to do that. In addition, for us to have all of the equipment there, the networks in place, and the security in place, is a major exercise is orchestration. Those are some of the key lessons I take out of it.

● (1600)

Mr. Erin Weir: Okay. It seems like one of the major potential cost savings with Shared Services is this consolidation of infrastructure with moving from a large number of data centres to fewer data centres. I wonder if in doing that there's any risk of increased vulnerability to attacks, or natural disasters, or other kinds of outages.

Mr. Ron Parker: I'm going to ask John to respond to that. He comes from the private sector and is deeply involved in these types of transformations.

Mr. John Glowacki Jr. (Chief Operating Officer, Shared Services Canada): There's always the "putting all your eggs in one basket" vulnerability you have to gauge, and I would address this in two ways. Our enterprise data centres are truly 21st century data centres. We have begun to take people on tours in our enterprise data centres to help drive this point home. When they come from their departments, what we ask them to do beforehand is visit one of their data centres, some of which go back to the 1950s, and then come and take a look at ours. The difference you'll see are various types of passive defences on the outside, double walls that are heavily reinforced, all sorts of security protections, etc. From a physical standpoint they are solid defensible structures.

The other part of this is that we continue to revisit our strategy. IT is a very dynamic environment. You don't set a plan once and then stay the course for 20 years.

One of the things we are taking a look at is the point you were alluding to, which is our sustainability. In this day and age, we may not be looking at bombers coming across the horizon, but there are threats out there that are determined, and a small group of people could do a lot of damage. We don't want to have a smoking hole incident that cripples the government, so we are looking at what I refer to as "the bunker". This is not something that's documented yet. We're still in the early stages. Our data centre team is looking at options, but it's this idea that of the data centres we have, there will be one that is bulletproof and a hole-in-the-ground kind of thing. We would back up the most critical systems from the other data centres to make sure if something really bad happens to most critical systems, we can still cut cheques, we can still collect revenue, and we can still govern and provide those services to government.

That's something that is a work in process, but what I can say is the data centres we are moving to are absolutely 21st century world-class data centres, and we invite the tours.

● (1605)

Mr. Erin Weir: Do you have another point on that?

Mr. Ron Parker: Well, I think if the committee would like to come and do a tour of an old data centre and a new data centre, it's that hands-on feel that really gives you a sense of what this transformation is about. It would be great if you could find the time to do that.

The Chair: A very short question, and hopefully a short answer.

Mr. Erin Weir: I was just going to ask about the rationale for shifting from traditional phone lines to VoIP.

Mr. John Glowacki Jr.: It's more efficient, more effective, a better cost savings.

A quick answer. That's what I was asked for.

Mr. Erin Weir: Well, that was concise.

The Chair: Thank you very much. I appreciate that very much.

Mr. Whalen, for seven minutes, please.

Mr. Nick Whalen (St. John's East, Lib.): Thank you for coming and thanks for the invite for a tour. I'm sure everyone on this side of the table anyway would be very interested in doing that. I see some nods around the room about the desire to get some hands-on knowledge of how the data centre project is proceeding.

Our government is interested in delivering on our commitments to Canadians, including the ones with respect to a government that's advanced in technology and delivers the services that Canadians expect, but we found that large projects need to be broken down into smaller pieces in order to be able to achieve that reliably.

When I look at some of the things we've been talking about today, I've really been focusing on whether or not there has been appropriate planning of the $6 billion or $7 billion that has already been spent through your organization. I'm wondering, if Treasury Board has a strategic plan in place for IT, shouldn't Shared Services Canada also have had a strategic plan in place for delivering on the project?

Mr. Ron Parker: Shared Services has had a plan. It's been called the transformation plan. That plan was finalized by a government committee, and then it has been reported on twice since then, once in 2013 and once in 2015. That overall plan included the strategy for acquiring the email system, how to go at the data centres, and the rollout of the networks.

Mr. Nick Whalen: John mentioned earlier about things having to change over 20 years. Would you have done anything differently in your plan to ensure that it would have been effective over a four-year time frame?

Mr. Ron Parker: I think that goes back to one of the points that I made earlier, in terms of knowing what you're starting with, with more solidity, the benchmarking, and also investing up front in the tools, the processes, the training, to really jumpstart the exercise. That often occurs in these types of projects, and if it doesn't, then it's potentially going to stretch over a longer period of time. You need to allow for that. As I said, it's a trade-off between budget, time, and scope.

Mr. Nick Whalen: The Auditor General doesn't seem to be happy about a number of those aspects of it.

Are you looking at a total reboot or a partial reboot? How do we get Shared Services Canada into a situation where it can deliver reliably on the project and the expectations of Canadians in the near term?

Mr. Ron Parker: I'd say we're looking at a partial reboot of the plan. We're going back and looking at all the assumptions, including the timing assumptions. How long does it take to do the procurement? How long will it take for our partners to be ready to move to data centres? What changes do we need to make to make it easier for them to move to the data centres? We're bringing significant change there.

That's why I say it's a complex trade-off between not just the funding and the time, but there's also the scope. And how you do it makes a difference as well.

Mr. Nick Whalen: Yes, I would see that this type of project requires buy-in, and without the trust of your partners, and also a good relationship with your vendors.... I don't think anyone expects Shared Services Canada to deliver on this alone, but it needs to have appropriate relationships with its outside vendors in order to deliver successfully on the projects. I've been hearing a lot about the project management vis-à-vis outside vendors, and whether or not something could be done there, whether the procurement that was done initially on these projects contained the right types of management systems in the contract, and oversight, so that your department was able to effectively manage these contracts.

What are your thoughts on that?

● (1610)

Mr. Ron Parker: We're managing the contracts very carefully and we're very focused on obtaining the functionality that was specified in the contracts, and we're looking to the vendors to provide those services—

Mr. Nick Whalen: Do you have some examples in which milestones have not been met and Shared Services Canada has enforced upon breached milestones?

Mr. Ron Parker: One example would be the email contract. As I said, it was supposed to be completed back in March 2015. As a result of that breach, service credits have accumulated to the favour of the Government of Canada. That's an example.

Mr. Nick Whalen: If you had something to do differently from the outset, Mr. Parker, what is something that you would have done differently?

Mr. Ron Parker: I would have allowed more time for planning at the outset, I would have looked at the procurement timelines, and I would have invested up front in terms of the people and the processes—the tools—to enable the client services that you're talking about, so that you continue to meet the standards your customers are looking for and maintain the confidence of your customers through the period of transformation so that you have buy-in, you have that confidence, and you're working together throughout the whole period.

Mr. Nick Whalen: Can you put a dollar figure on how much you feel the process was underfunded by at the outset?

Mr. Ron Parker: I can't put a dollar figure on it. I think you'd have to go back and do quite a bit of work to figure that out.

Mr. Nick Whalen: As you're working through a new strategic plan to deliver going forward, how much more expensive is the new plan compared with the old plan?

Mr. Ron Parker: I don't know that yet, in terms of pulling it all together. That's one of the things that we're also going to be looking to the external experts to validate.

We've looked at the assumptions, we're pulling the plan together, but I haven't seen how this adds up financially yet. It's something I would want to discuss with the minister, as well.

The Chair: We'll cut it off now. Thank you.

Mr. McCauley, you may have five minutes, please.

Mr. Kelly McCauley (Edmonton West, CPC): Welcome, gentlemen.

Just quickly, here are some simple ones. You mentioned you have three of the five data centres complete. I think we were consolidating 450 into those five new ones. How many are left? Is it proportional, as in 200 left, and when will it be done?

Mr. Ron Parker: No. There are more than 500 data centres. The slide said there were 60 closed. More recently the numbers add up to about 80 data centres that have actually closed out of more than 500.

Mr. Kelly McCauley: We have opened three of the data centres?

Mr. Ron Parker: We've established three of the enterprise data centres.

Mr. Kelly McCauley: Do you have a ballpark timeline for the rest?

Mr. Ron Parker: That's something I don't know.

Mr. Kelly McCauley: Concerning the staffing, I understand the difficulty—you've described it very well—with the change of culture when you're bringing in from 4,300 into one. You brought over 6,300 staff. You're supposed to have about 6,000, and you're at 5,800. You're bringing in 6,300 from 43 different departments, but we set it up as only an efficiency of 200 gained; that there's only an overlap of 200 potential positions out of 6,300, from 43 different departments.

Is that correct? It does not seem correct.

Mr. Ron Parker: I don't recall what the initial starting point of the...was it 6,300?

Over the planning period of the report on plans and priorities, which extends out for the next three years, we're expecting staffing levels of around 6,000. Those are the numbers we're looking at.

Mr. Kelly McCauley: I'm sorry, I know it's very difficult to explain. What is that based on? To me, it just seems incredible that we would combine 43...and I know it's not the same as a takeover of 43 separate companies, but we're combining 43 overlapping departments into one. It just seems odd that we would not find more than 200 efficiencies.

Or are we adding? Is there—?

● (1615)

Mr. Ron Parker: There are two things. First, the transfer of resources took into account, to some extent, the added responsibilities. We've also seen significant growth in demand. For instance, storage growth is growing at something like 50% a year.

Mr. Kelly McCauley: That's fair.

Just quickly, we talked about security. What do you consider the largest risk? I know we talked about a big hole, and we could actually put the data centre out between Centre Block and the Confederation Building because there is a 10-storey hole there. What do you consider the biggest security....? Is it government hacking from a certain Asian country? Is it physical—hole-in-the-ground, as you discussed?

I know it is difficult to see into the future, but what are you preparing for?

Mr. Ron Parker: Those are all important risks. There are more than 100 million malicious attacks on the government network a day, and they are growing in sophistication and intensity, so that is a very serious risk.

The risk is also around the human element inside the government —somebody opening an email and clicking on a link that executes a malicious code. That risk is important as well, so I would say the training and education that go along with good data management and good hygiene are very important as well.

Mr. Kelly McCauley: I am probably running out of time.

We have discussed funding a lot. We were looking at comments from the minister in February, where she says that it is not the time to focus on cost. You mentioned that lack of funding is a big issue, but at the same time, in an answer to a question, you said you can't prove savings and you can't really determine, going forward, exactly what funding you need.

Mr. Ron Parker: The transformation plan will bring it all together. It is coming together for the fall. It will bring together the costs, the savings, the benchmarking to industry, and where we plan for our unit costs to be. We will have forecasts of service growth, so we will bring the whole package together.

Mr. Kelly McCauley: You have enough current funding, though. Is that right? Yes or no?

The Chair: Thank you very much.

Mr. Drouin, go ahead.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair, and thank you to the witnesses for being here.

I want to start by saying that I really believe in Shared Services. We are all here to make sure that it is a success, and that in four years we can come back here and say that you have met some hard targets.

I know that in 2011 it may have been too much, and it may have been unrealistic. The goals may have been unrealistic in order to reach the email system.

Mr. Parker, you said that it is more complex than previously thought. I want to touch on the impact of procurement. How does that reflect in the RFP, if we are telling the vendor, "Here is what we think we have, but it is not really what we think we have"? How does that impact the email transformation initiative right now?

Mr. Ron Parker: I don't think that the complexity affects the email project a great deal. The specificity of what was expected to be delivered as part of the email system, be it the security or the other aspects of functionality, was clearly laid out in the contract.

When I think of the complexity, I think of the data networks and the data centres. When you go to one of the old data centres, or go to a pseudo-data centre, as I will call it, you will see that there are wires, servers, and boxes all over the place. Just mapping what is connected to what, how it works, and where those interdependencies are is a very large exercise.

Mr. Francis Drouin: Should your predecessors have focused on consolidating data centres prior to starting the email transformation initiative? Is that what you are...?

● (1620)

Mr. John Glowacki Jr.: When you go through this kind of exercise, you are always going to do a number of things in parallel. I am saying this because I have done this before, on this kind of scale —not 43 departments, but a quarter million end-users, yes. You don't want it to be a serial exercise.

The idea that there is always low-hanging fruit, targets of opportunity.... We knew we could close some number of data centres in the first year, and that happened. That is how we got to the 80 sites. I will call them "sites", because in one case we found a server rack in a men's room, for instance. That is not a data centre, by any means.

Then you have others, which really were good data centres in their day. Those obviously take longer. If it is a closet somewhere that somebody shoved a server in, we go for those opportunities much more quickly.

You don't want to wait and say, "Well, we want to get all the planning done to the nth degree" before you take advantage of those opportunities. That is something that the organization has done.

While this wasn't called out in some of the previous reports, unit costs have been reduced for servers, for instance, by 30%, and for storage per terabyte by over 50%. We don't need the next transformation plan. We are achieving those today, but to really achieve the end state we need to revisit our plan, and that is what we are doing right now.

Mr. Francis Drouin: The other question I want to touch on again is procurement. The rationale at the time was to.... We're telling DND, we're telling all other departments to deal with PSPC, or PWGSC at the time, when it touches procurement.

What's the rationale to still have procurement within Shared Services? I know you may not be able to speak to that, to the prior... but right now, what's the rationale to have procurement within Shared Services?

Mr. John Glowacki Jr.: There are probably a few points here. The first one I'll start with is, it requires our attention. Just from a pure bandwidth...a very dynamic environment, and you need a certain DM-level engagement every week, and when you're involved in intense periods, almost daily. To try to time-slice that into everything the large organization already has—just pure bandwidth —you end up with a challenge. That's one reason.

The other reason that this works is having a built-to-purpose organization. You want people who really understand this business up through the most senior levels involved in making the decisions. You may not get that in another model and having that procurement authority shared there. There are times we get involved, and while we're making C-level decisions, we're also having to discuss bits and bytes because they directly tie into how the performance of that procurement is going to be conducted. I would dread the idea of trying to do this without the procurement authority.

Mr. Francis Drouin: What about transparency and accountability?

The Chair: Mr. Drouin, I'm sorry. Hopefully we can get to your follow-up question the next time.

We'll go to Monsieur Blaney.

Five minutes, please.

[*Translation*]

Hon. Steven Blaney: Thank you, Mr. Chair.

I would like to go back to what Mr. Parker was saying.

You explained that there were to be three major services: the email system, the data centres and the networks. Things are going well with the networks and the email services. As for the data centres, I see that they are supposed to go from 500 to 7. Is that your objective regarding the IT transformation?

Mr. Ron Parker: There are more than 500 data centres and we think that ultimately there will be from 5 to 7.

Hon. Steven Blaney: A lot of information technology projects wind up taking on monstrous proportions. That is a significant challenge, and yet, when one undertakes such a transformation, the road to hell is paved with good intentions. The plan is to group everything together to save some money.

I am hearing contradictory things this afternoon. You say that you will have trouble completing the project by 2020, and that in order to do so, more has to be invested. And yet savings were supposed to be achieved. I see that this network represents a $2-billion yearly expenditure. Can you give us a picture of what to expect in the future and provide us with a little encouragement, given that there are large sums at stake? How do you see the project evolving? Will it be completed in 2020 or 2022? How do you see the next four years in financial terms, and what are your objectives?

Mr. Ron Parker: I think the project will be a success. We have launched initiatives and they are being implemented. It is difficult to say exactly when all of the data centres will be closed, and as I mentioned, we are preparing the staffing plan. We need to assess the workload carefully if we want to reach our goal. This fall we will have a well articulated plan, guided by the perspective of people from the outside. I think that would be the right time to provide an answer to your question.

● (1625)

Hon. Steven Blaney: Fine.

You say you want to bring the number of centres down from 500 to about 7 or 8.

Mr. Ron Parker: There will be 5 to 7 data centres.

Hon. Steven Blaney: I see.

You reduced the number. Currently there are three...

Mr. Ron Parker: Three of them have been established.

Hon. Steven Blaney: It was one of those data centres you suggested we visit?

Mr. Ron Parker: I suggest you visit one of the old data centres and one of the new ones.

Hon. Steven Blaney: Very well.

You say that in the fall you will have what we might call a "roadmap". You will have a better idea of the scope of the work that remains to be done. That means that when you talked about lessons learned, about "benchmarking", you had rushed ahead headlong, without necessarily having a good idea of the challenges to be met? Is that really what you are telling us today?

Mr. Ron Parker: We have a better grasp of the current situation. As for lessons learned, I will say that if we had proceeded otherwise in the beginning, things would have been different.

Hon. Steven Blaney: You seemed to say that there will be a roadmap in the fall. If you are here today, finally, it is because our predecessors on the Standing Committee on Government Operations and Estimates were not convinced that Shared Services Canada would be able to meet its commitment to complete the transformation of services by 2020, as you have confirmed, nor to generate the promised savings, if it continues to operate as it has since it was created.

Mr. Parker, will you be able to come back in the fall with financial objectives and a time frame for reaching your objectives?

Mr. Ron Parker: The plan will be ready. We have to discuss it with the minister and perhaps with the cabinet. I am not sure what I can say at this point, Mr. Blaney.

Hon. Steven Blaney: Okay.

Thank you.

[*English*]

The Chair: Thank you very much.

Ms. Shanahan.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): As a member also on public accounts—I remember we met before—we were struck by the challenges and the ongoing challenges of this program. I recall we had a good discussion about how we need to figure out what went wrong, but we also want to make sure things go right going down the road. That's why we're here today, and I'm happy to be on this committee.

One thing that came out during the Auditor General's report, and during our meeting, was this planned savings of $56 million that was removed from your budget and the impact that had on the continued operations. Mr. Parker, you mentioned a number of times that what would have been better would have been to be properly funded right from the get-go.

Can you talk to us a little about that? How did that underfunding affect your mission?

Mr. Ron Parker: In terms of the $56 million, that has arisen because the email project hasn't gone as quickly as was planned. The $56 million was removed from our reference levels without achieving the savings. That meant we've had to reprioritize activities within the department across the transformation projects themselves, and reduce the scale of the transformation projects, or the amount of expenditure we make on operations. We've had to rebalance to take that into account.

● (1630)

Mrs. Brenda Shanahan: Okay. I can only imagine when you're planning a massive operation, such as you were, that planned savings would be nice, although that's not the entire purpose of this transformation. We can see there are new demands on IT services, and I think the cyber-threat one is certainly a point well taken. We have to make sure we have the resources to meet those demands.

Getting back to the nitty-gritty of the money, how were you able to deal with your partners regarding the cost of services when you weren't able to provide the services? I'm thinking about the issues around transfer pricing and delivering the services.

Mr. Ron Parker: I would say the biggest impact has been on the transformation plan itself. The amount of spending that has occurred over the period of time versus what was planned has been less. Most of the impact has come on that side.

In terms of clients, it hasn't shown up in pricing to them because we established a threshold of service, we're providing that threshold level of service to them, and we're looking to recover for services over and above that threshold. It hasn't affected the clients in terms of the services, other than there was some reduction in our ability to maintain the equipment at a level we would have otherwise liked.

Mrs. Brenda Shanahan: Yet there are problems with client satisfaction, and that's something that needs to be addressed in the future.

Mr. Ron Parker: Absolutely.

Mrs. Brenda Shanahan: Can you talk to us just a little more about how that looks? You have to present a bill at some point. Are people happy to pay that bill if they haven't gotten the services that they expected?

The Chair: On consumer satisfaction, Mr. Parker, it probably takes a fair length of time to give a proper response, but you only have probably less than 30 seconds, if you could give a very succinct answer.

Ms. Shanahan, perhaps that answer could come in the next round.

Mr. Ron Parker: It has affected customer service satisfaction levels, but I don't think the finances are the main issue there.

The Chair: Thank you very much.

We'll go to a very short three-minute round.

Mr. Weir, over to you.

Mr. Erin Weir: I'm just going to ask about procurement through Shared Services. Is it being done exclusively with the purpose of minimizing cost, or is there also an attempt to develop IT suppliers in Canada?

Mr. Ron Parker: It isn't done solely to minimize costs. We're working closely with industry associations. We have an IT infrastructure round table that we get together with regularly and go through our procurement processes. It's a very collaborative process. We bring our plans to them as early as we can and look to them to provide us with the intelligence and the market savvy that we need to address the market and come into it the right way. We iterate with them on our requirements so that when a procurement goes out, it's well specified, and there's going to be a real market availability that we can tap into.

We are discussing with the round table the socio-economic element support for small and medium-sized businesses. That's a big thing, an important item on our agenda that we're looking to develop.

● (1635)

Mr. Erin Weir: How would you characterize the trade-off between developing the industry here, supporting the Canadian industry, versus getting the best value for money?

Mr. Ron Parker: I take very seriously the responsibility to respect taxpayers' dollars. and at the same time, the need to develop industry. Industry tells us their value added is not to just sell commodities but to bring the advice and the packaging services that go with the devices. That's very much the nature of the relationship.

Mr. John Glowacki Jr.: If I could add, we do support the building Canada program. We're actually advising on potential changes to improve it. There is a limitation that they bang into, where a small company may develop something, and at the end of that development, they now have to go in and compete with the multinationals of the world. That's a bridge that needs to be built, and we're actually advising to help improve that.

The Chair: Thank you very much.

We'll go back to a seven-minute round again.

Monsieur Ayoub, you're up.

[*Translation*]

Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.): Thank you, Mr. Chair.

Mr. Parker, I would like us to discuss the Workplace Technology Devices Initiative.

There was a project in 2013. I would like you to tell us a bit about the nature of that project and how it has developed until now, in 2016. What is the status of this project to streamline and centralize technology devices? And since that is a fairly broad term, I would also like you to tell us what you mean by "technology devices". Have savings been realized up till now? What is the status of the plan? I see that its implementation may go on until 2019, and perhaps beyond that.

You can begin with those questions. Based on your answers, I may ask you for more detail on some points.

Mr. Ron Parker: Regarding the technology devices, we rationalized their purchase.

Mr. Ramez Ayoub: What do you mean by "technology devices"?

Mr. Ron Parker: This includes laptop computers, that sort of device. Up till now, we had not rationalized the management of these devices and we have changed nothing with regard to their support.

Mr. Ramez Ayoub: I am looking at your planning for the 2013-2019 period. How is that planning going in connection with the transformation? We know that a technological device like a portable computer has a very limited shelf life, perhaps three years and even less. You are referring to a certain figure and I see 90 departments and organizations. What is your plan at this time? Have you reached 30% or 50% in the rationalization and renewal? In addition, there is software to be considered, and the support you spoke about.

Mr. Ron Parker: Yes, but the management of these devices is currently the departments' responsibility. Shared Services Canada is not responsible for their management. We provide equipment and make purchases for the departments. The departments really decide what they need among available devices. Our objective is to have a variety of secure devices among which the departments can choose.

Mr. Ramez Ayoub: Fine.

The purpose of all of this I presume is to save money. You are not centralizing these purchases just for the fun of it.

● (1640)

Mr. Ron Parker: Correct.

Mr. Ramez Ayoub: And how are we doing with those savings?

Mr. Ron Parker: Thanks to this purchasing power, we have realized a lot of savings. I don't have the information with me on these savings but if you would like me to I could give you some idea of that after the meeting.

Mr. Ramez Ayoub: Yes, I would appreciate that. It would be interesting.

Why did you choose a six-year period to make these changes? If I understand correctly, the centralization has already taken place. However, this is supposed to be done over a six-year period. Why did you reserve the 2013-2019 period if this is already in place?

Mr. Ron Parker: What document are you referring to, Mr. Ayoub?

Mr. Ramez Ayoub: I am looking at the summary of the report.

With regard to federal government procurement of technology devices, there was a plan to save $8 or $9 million. The plan went

from 2013 to 2019. That is why I am trying to see where you are at with this planning.

[*English*]

Mr. Ron Parker: Do you have information on that?

[*Translation*]

I am going to ask my colleague. We could probably get back to these questions later, Mr. Ayoub. I am not sure about the answer.

Mr. Ramez Ayoub: Very well. Thank you.

I apologize for being late earlier. I was trying to be in two places at once, but that's impossible. Consequently, I don't know if the committee discussed an interesting part of the report. I am referring to telecommunications and the centralizing of them. I expect that you are putting out Canada-wide calls for tender with companies like Telus, Bell Canada and others?

Are these very long term contracts, so as to realize savings as quickly as possible? If not, are there options in the contracts from one year to the next to renew the devices, while staying up to date technologically and financially? We now that Telus or Bell Canada changed their costs quite significantly. That can make all the difference between a plan that was entered into five years ago and a current one. Where are you at on this?

Mr. Ron Parker: There is a combination of factors to be considered.

If we talk about telecommunications, the duration of contracts for the networks is quite long, but not for cell services. As you say, these contracts often have options to which we may or may not have access. It varies according to the type of telecommunications service.

Mr. Ramez Ayoub: We had a cell phone service provider. The costs were somewhat high as compared to what one can find on the market. Perhaps it had to do with the duration of the contract.

[*English*]

The Chair: Thank you, Ramez.

Perhaps, Mr. Parker, you can keep that answer top of mind, and perhaps in the next round you can finish the answer.

Now we'll go over to Monsieur Blaney.

● (1645)

Hon. Steven Blaney: I would like to share with our colleagues that I feel it will be important this fall, although we may undertake a longer study, to take one or two meetings to have these gentlemen back. We can then share the update on what I would call their road map and refreshing of the strategy. Ms. Ratansi mentioned at the opening that she was hoping to see a strategic plan. I would certainly seek the approval of our colleagues to have them back this fall.

[*Translation*]

I would now like to talk about an issue my team in the public service and the department worked on very hard, which is cybersecurity. I am happy to see in your presentation that funds have been set aside for that. I know these figures.

Over the past few months, the government has been subjected to cyberattacks. What measures are you putting in place to improve the capacity of federal computer infrastructures to withstand cyber-attacks?

Mr. Ron Parker: There are several important aspects to consider.

The Communications Security Establishment or CSE advises departments to join the Shared Services Canada infrastructure, because it has all kinds of important equipment to ensure cybersecurity.

Together with the centre, our objective is to integrate security measures into the systems right at the source, that is to say in emails, networks and the data centres. That is a very important aspect.

There are other measures as well. You spoke about initiatives in our budget. They are very important to protect the network perimeter and the perimeter of other important security services.

Hon. Steven Blaney: Thank you.

I liked the expression "building a cyberdome". Sometimes there is physical protection.

How much time do I have left, Mr. Chairman?

[*English*]

The Chair: You have two more minutes.

Hon. Steven Blaney: Thank you.

I want to get back to the Auditor General's report, because I think this is of the utmost importance both for the department and for taxpayers.

Again, there were some not very encouraging words from the Auditor General, who said something like Shared Services Canada has a sloppy disregard for both the quality and quantity of services it provides to 43 departments.

I was reassured when you answered Ms. Shanahan's question that it was not necessarily a matter of budget, but probably more a matter of culture within this new organization.

Can you, as the head of this organization, provide us with an update on follow-up to the recommendation of the Auditor General, but most profoundly, I would say, on the change in the mentality of this wide organization in terms of providing a high-level standard of services to departments, to its clients?

Mr. Ron Parker: At the outset, I'd just like to say that service delivery is built into the DNA of the staff in Shared Services Canada. They really want to deliver the best service. I think the issue has been the lack of systematic processes, ways of working to enable employees to deliver those services in an effective manner.

Following on the Auditor General's report, we completed a service policy. That's done; it's issued to the customers. We're planning and launching a renewal of all of the service management processes within Shared Services Canada, and we're acquiring new tools to enable employees to be able to deal efficiently with all of the service requests that come into Shared Services, to give them visibility, to have the priorities, to deal with the business intake side and the processing, and to monitor how we're doing. This will be an important step forward for the organization to be able to do that and

move out of a varied set of manual processes. It's absolutely critical to improving service.

● (1650)

Hon. Steven Blaney: So, in a nutshell, if they were to have another investigation by the Auditor General in a year from now, would you expect that the satisfaction survey number would be much better?

Mr. Ron Parker: We are very seriously aiming to have it better. Our target for this year is to move it up a quarter of a point. That's not good enough. I would like it to be, on a scale of five, at five. Realistically, I think that will take a little more time to do, but that's the objective, I think, the organization needs to aim for.

Hon. Steven Blaney: Thank you.

The Chair: Mr. Weir for seven minutes, please.

Mr. Erin Weir: I'm just wondering whether you think that government departments on the whole are happy with Shared Services. How would they compare it to their previous in-house IT arrangements?

Mr. Ron Parker: I can't speak to how they would compare it to their previous in-house services. I'm not sure they actually measured that.

As part of the follow-up to the Auditor General's report, we were already launching the customer satisfaction survey. We did that towards the end of last year and early this year. The results showed, on a scale of five, 2.79, so not as high as I would like, but it definitely pointed to the areas where we can improve. Timeliness, in particular, is something that we are very weak on, but this is the start of growing the organization. It's being able to say, where do we need to target our efforts, and where are there areas that we need to double down on our efforts to move ahead with the customers?

Mr. Erin Weir: Okay. But there was no opportunity in that survey to compare the current arrangement with what had been going on before.

Mr. Ron Parker: No. I think as well they didn't have defined service levels in most cases, so that was one of the things that we inherited that was very difficult.

Mr. Erin Weir: I guess I also just wanted to provide an opportunity to maybe elaborate a bit more on that VoIP answer. It seems like an important point, and I think you were keen to talk about it a bit.

Mr. John Glowacki Jr.: No, I thought I'd nailed, it, actually—sorry.

If you like, I can certainly go on for 10 minutes about it.

Mr. Erin Weir: Well, no, I guess what I wonder is, if you're starting from scratch, maybe VoIP would be the way to go, but if you have existing phone lines installed, presumably the marginal cost of maintaining them, once the network's there, is pretty small. Are the advantages of VoIP such that it's worth bringing in a whole new system?

Mr. John Glowacki Jr.: The short answer is yes, but what I'd also like to address is doing business cases on all these situations, and that's a discipline we're trying to instill not only in ourselves but among the community, to not walk into situations and simply assume. Very large assumptions can really take you sideways. In the case of VoIP that you're bringing up, yes, the savings, both qualitative and quantitative, are enough to go in that direction because, inevitably, everything wears out. At some point you have to replace cable, people will move among buildings, and in those cases you have this three-dimensional chess game going on, parts always in motion. The idea that you're getting ready to move 300 people from this building to that building, and they're otherwise doing a retrofit, and now we have an opportunity to support the blueprint 2020 objectives of the government, so instead of putting in an old-style telephone line and a new-style digital line, you put in one cable that supports both. There are advantages.

Then there's also security, management opportunities, flexibility.

Mr. Erin Weir: You were talking about qualitative savings. My own personal experience or sense, anecdotally, would be that VoIP is typically lower quality than the traditional phone line, but perhaps you're going to enlighten me on this.

Mr. John Glowacki Jr.: I would say a good part of the world is operating on VoIP and doesn't realize it. The telcos have had to go in this direction already because they recognize the massive benefits.

You also get more features and functionality than you had before, one number following, all those kinds of things you see advertised on TV for consumers. It's those and then some for business purposes.

● (1655)

Mr. Erin Weir: Fair enough.

I was also going to ask if there is any comment at all on Shared Services' role in biometric screening.

Mr. Ron Parker: Shared Services would acquire the infrastructure, the technology, computer servers, the storage that is necessary to support the biometrics screening, the data storage that goes with that. That's the kind of role we would play, and that's why it shows up in the main estimates.

Mr. Erin Weir: Okay, but basically the policy decisions about whether or not to use biometric screening would be in the hands of other agencies and departments.

Mr. Ron Parker: That's correct.

Mr. Erin Weir: Okay. Fair enough.

Do you work at all with the Communications Security Establishment?

Mr. Ron Parker: We work very closely with the Communications Security Establishment. I'd say there's lots of contact every day.

Mr. Erin Weir: Okay. Could you maybe shed a little more light on what you do with them?

Mr. Ron Parker: They work with us in terms of the design of the security that's being built into the system. They work with us in terms of some of the monitoring of what's going on in the networks. They're very aware. They have classified tools that they employ to help us monitor the Government of Canada network as well.

The Chair: You have about a minute and a half.

Mr. Erin Weir: Am I able to give that to Mr. McCauley?

The Chair: If you wish, you can certainly cede your time.

Mr. Kelly McCauley: My good friend Mr. Weir took my question on the phones, and that was a great answer. Thanks.

Are there any areas with Shared Services that should be shaved off, perhaps, and sent elsewhere? One thing I notice is you're developing video conferencing. The people we spoke to on Tuesday, the Canadian intergovernmental secretariat, are also developing that, so we have overlap.

Considering the huge priorities you have, these things seem pretty minor. Are there areas like this that should perhaps be contracted out, sent back to another department?

Mr. Ron Parker: I think you touched on one issue that John raised, the interdependency. Video conferencing is tightly linked to bandwidth, the end-point connections in the departments, and the management of all that is, I would say, quite a client-specific set of activities. We have all of the partners on the video conferencing systems that we have, and it's been, actually, a great story—

Mr. Kelly McCauley: So you're answering yes. I don't want to interrupt, Ron, but you've answered yes.

Just as a quick question, are our contracts with our—?

My time is up?

The Chair: Mr. Erskine-Smith, welcome to our committee. You have seven minutes.

Mr. Nathaniel Erskine-Smith (Beaches—East York, Lib.): Thanks very much.

I want to pick up on some of the comments about this survey and communication with departments. You mentioned that there's a 58% satisfaction rate, 2.79 out of 5. You mentioned timeliness as one of the concerns.

I haven't seen the survey, and I don't know whether anyone else has seen the survey. Would you be able to provide a copy of it?

Mr. Ron Parker: Absolutely. I'd be happy to.

Mr. Nathaniel Erskine-Smith: Perfect. In terms of the feedback on that survey, you mentioned timeliness as a concern. Could you walk through some of the other concerns? Did certain departments come forward to you directly and say, we have these concerns? If so, what were they?

Mr. Ron Parker: We have the results by department. I don't recall off the top the specifics. I think timeliness is tightly linked to service delivery and service management and being able to provide solutions and design in a timely basis. Those are the kinds of issues that underpin those responses.

Mr. Nathaniel Erskine-Smith: You mentioned part of the problem as being that there were no service-level expectations between Shared Services Canada and departments.

Has that been resolved? Is it being resolved?

Mr. Ron Parker: That was one of the issues the Auditor General highlighted. We are in the process of setting those service-level expectations at the enterprise level.

In the report on plans and priorities we have outlined a number of very quantifiable targets. As our service catalogue fleshes out, we will be providing service-level expectations for each of the services that we provide, at the enterprise level.

● (1700)

Mr. Nathaniel Erskine-Smith: Is there an expected timeline to have that rolled out and completed?

Mr. Ron Parker: The services will be added to the catalogue over time as they mature. I think it will extend past December 2016, but I'm expecting a large of portion of them will be done.

Mr. Nathaniel Erskine-Smith: Other than timeliness, are you taking any steps to react to the results from the survey, to respond to the concerns of departments? If so, what actions are you taking?

Mr. Ron Parker: John, do you want to—?

Mr. John Glowacki Jr.: Actually, we are in a couple of ways. This goes back a little to a previous question about authorities. We have a number of governance reviews. One is a monthly operations meeting. We go through everything. Another one we have is what we call the account management board. This is one in which each week we go through a certain group of accounts. Customer organizations are looked at. The account teams come in, we have all the ADMs there, and pertinent staff, and we go through these results as part of that review for each account. What are the hot issues, particular projects?

One of the important things here is that...the results are important, but it's the fact that we now have this process. We didn't have this process before December. This was a big milestone for us, getting it in place.

When you get into this business, one of the things you really want to embrace, and there's a formal framework for it, is continuous improvement. You're never done. It's not a matter of 2020 or 2016, it's "what have you done for me lately?" every year.

Mr. Nathaniel Erskine-Smith: I asked for the survey itself, but of course you'll provide the summary of the results of the survey to the committee. Thanks very much.

With respect to IT budgets for departments, I don't know what the explanation is and I'd be interested, but I understand that for Employment and Social Development, 70% of their IT budget is with Shared Services Canada; for Immigration, it's about 25% of their IT budget.

I'm new to this. I don't know whether you could shed some light on that and on whether you're looking to increase your contracts with departments in terms of that budget share. I understand that the RCMP have had issues and that others have had issues.

Could you speak to that?

Mr. Ron Parker: I'd have to understand a bit better the data you're referring to. I'm not sure what it is. I'd be happy to have a look at it and get back to you.

Mr. John Glowacki Jr.: I was just going to say that the figures sound like total IT spend of their budgets, not what we spend, but—

Mr. Nathaniel Erskine-Smith: No, it's of their budget. For Social Development Canada, of their IT budget, 70% is spent with Shared Services contracts.

You have partner departments here. If Social Development Canada is spending 70% of their IT budget with Shared Services, and Immigration 25% of their IT budget, and the RCMP and other departments negligible percentages of their total IT budget, is that something you could comment on?

Mr. John Glowacki Jr.: We'd like to take that away to better understand exactly what you're addressing. A more general answer would be that we are getting more demand from pretty much all of our customers, and I think that's part of the answer to the question. Despite some of the mythology, the fact of the matter is our revenue is going up because more demand is out there.

Mr. Nathaniel Erskine-Smith: Great.

Mr. Nathaniel Erskine-Smith: Very good. Thanks very much.

With respect to revenue, and turning briefly to cost savings, the AG noted there's no "consistent financial practices to accurately demonstrate" that Service Canada was generating cost savings.

Are those financial practices being put in place? Have they been put in place?

Mr. Alain Duplantie: Those practices are partially in place at this time. The department has worked carefully at the onset of an expenditure cost management framework. It's one that would take into account a costing centre of expertise within the department— guides and protocols, and pricing strategies—so services delivered on a cost-recovery basis are well calculated, taking into account the total cost of the service with an understanding of the unit costs, so that departments that are availing themselves of the particular service understand what they're buying and what they're paying for. We have work to do. We've priced out five services so far. There's another 19 services that need to be priced out, but those are services that are subject to consumption and revenue collection. There's work to be done on the part that is fundamentally the mandate of the department, but not subject to a cost-recovery mechanism.

● (1705)

The Chair: Thank you very much.

Colleagues, I want to interrupt for a moment. I apologize in advance for giving you short notice on this—and I just want a quick answer, I don't want a long debate on this. Should you feel you've gained enough information from today's meeting to draft and present a report, I will excuse the witnesses now because we have to get into instructions for our analysts. If you feel there are more witnesses you want to bring in for this particular study, then we will continue, and I'll get maybe two more questions of five minutes each. We can always, as Mr. Blaney had recommended, bring back these gentlemen in the fall for an update, but if you want to continue on with this particular report, so we have a more comprehensive study, I'll get into two more questions.

For the government?

Ms. Yasmin Ratansi: Question, or do we want...?

The Chair: Do you want to bring in more witnesses?

Ms. Yasmin Ratansi: Yes.

The Chair: Okay, we will continue then. We'll have two more five-minute questions, and then I'll adjourn the formal part of this meeting.

For five minutes, we will start with Mr. McCauley.

Mr. Kelly McCauley: You mentioned there are service credits from Bell and CGI. I'm wondering what those credits are. Is it a financial total? Are our contracts robust enough, so there's—I don't want to call it penalties—proper delivery requirements from them?

Mr. Ron Parker: The credits are financial, and we can apply them against services.

Mr. Kelly McCauley: How much?

Mr. Ron Parker: They were up to $5.8 million.

Mr. Kelly McCauley: Those are significant credits.

Mr. Ron Parker: Yes. We can apply those against services the vendor is providing.

Mr. Kelly McCauley: Yes. In your view, were the contracts severe enough or good enough?

Mr. John Glowacki Jr.: I have to say we have a well structured contract in the case of ETI. When I came in, I was concerned, but I'm not now. We're good at this.

Mr. Kelly McCauley: Good.

We're reducing the space we're using for the data servers from 600,000 square feet to 180,000 feet. Is that brand new land purchased? Is it built? Do we get anything back from that 600 square feet or is it just 600 tiny little closets that we're returning to various offices in old buildings? Are they generally from wherever there's an open space?

Mr. John Glowacki Jr.: The answer is all over the place. In certain cases this was leased space, in other cases it was government-owned space. It's returned for whatever other purposes the owner has.

Mr. Kelly McCauley: Are we making some financial gains on that?

Mr. John Glowacki Jr.: In certain cases. It depends.

Mr. Kelly McCauley: Not a lot, I assume, but we are.

Mr. John Glowacki Jr.: If we're paying a lease, then obviously we stop paying the lease, we stop paying the electricity, and that's where the savings come from.

Hon. Steven Blaney: Regarding data centres, what is the amount of subcontracting you mentioned? You have this $2 billion. Who are the main subcontractors you're working with to provide this service to the many departments?

Mr. Ron Parker: For the data centres?

Mr. John Glowacki Jr.: Of the three enterprise data centres that we have, one is government owned. It's on a DND base, a forces base. That is at Borden. In Gatineau, the Buckingham data centre is

actually leased space from Bell. The third one is an IBM-leased data centre.

Hon. Steven Blaney: Who are you working with in terms of technology to get the server? Do you have long-term contracts with companies to maintain those systems, those databases?

Mr. John Glowacki Jr.: They happen two different ways. One is, if we're obtaining a managed service, oftentimes the equipment is part of that price we would pay, just like the manpower, tools, etc. In other cases, if what you're asking is whether we have a single preferred vendor, the answer is no. We go to the market. We have a variety of standing offers. We do specific procurements when necessary.

●(1710)

Hon. Steven Blaney: Which one would you recommend that we visit among those centres?

Mr. Ron Parker: If you had the time, it would be best to go to the data centre in Barrie, but there's one in Gatineau that is very convenient.

Hon. Steven Blaney: That is certainly convenient.

Mr. John Glowacki Jr.: We would also like to take you down the street to one or two particular data centres to show you the before and after.

Hon. Steven Blaney: The before and after, yes.

Mr. Kelly McCauley: If I have a couple seconds, I know we discussed it last time, but did we fix the issue with the data centre going on the DND base, and DND had other plans for that space?

Mr. John Glowacki Jr.: That was a coordination.... There really wasn't a big issue between us. It was made out to be much more than it was.

Mr. Kelly McCauley: So is it fixed, then? Is it fine?

Mr. John Glowacki Jr.: Yes, absolutely.

Mr. Ron Parker: The contract for the expansion will be let very soon.

Mr. Kelly McCauley: Thank you.

A voice: It's reassuring.

The Chair: Mr. Drouin, our final question of the day.

Mr. Francis Drouin: Thank you, Mr. Chair. I'll share, because Mr. Whalen wants to ask a question. Could you let me know at one minute?

With regard to the performance management framework, at the very senior level, how do you assess whether or not your organization has done a good job with some of the clients you have? For example, applications are left with departments. They can only install an application if there is a need for infrastructure, if they have enough space, so how do you assess that with regard to communicating your performance with the client? You talked about service level. At the same time, do you communicate "Here's what to expect from us" at some point?

Mr. John Glowacki Jr.: There are two questions there. On one hand, if there's demand, we'll address demand through existing assets and resources that we have. If they say, "I have a new application. I want to host it", that can be as big as a breadbox or literally, a building. We have to assess that, so it's either a major project or we simply take part of an existing server. That's not a problem.

On service levels, going back to what Ron alluded to before about having set service-level expectations, that's what we're ramping up to try to set those as a standard as opposed to...simply what we inherited. Because, again, the premise when SSC was established was that we would...

And I have to tell you, this is the way it works in industry at very large scales. We used to call it "Your mess for less", because we're basically going to keep doing the same thing, but through economies, costs will go down over time. That's basically the value proposition for containing the legacy environment until we get the future state stood up and everyone migrated over.

Mr. Ron Parker: If I might, just in terms of the service-level expectations, we are evolving those, and we will use them as the benchmark to have the dialogue with the client about customer satisfaction as well.

Right now, the customer satisfaction survey is quite impressionistic, but as part of developing this tool behind it, we will have metrics around the service levels to show the client how we've done over time in the delivery of this service to them. That's where we want to be.

Mr. Francis Drouin: Do you take into account the department's priorities when you are assessing your own priorities?

Mr. Ron Parker: Absolutely. It is a major part of the account executive role that we have. Their role is to work with the partner to understand their priorities and their needs, and bring that back into the organization so we can build it into our planning.

Mr. Francis Drouin: When you bring this back into SSC, is each employee measured in terms of delivering results for the client or department? Are they accountable? Is somebody held accountable for that?

Mr. Ron Parker: I would say, not yet, because the service-level expectations are not well established. To start doing that, I think it is important to have good metrics. In general terms, looking for executives to have part of their performance evaluated against the client satisfaction survey overall, to get to that level of granularity.... We are not there yet.

Mr. John Glowacki Jr.: If I could add to that, a major milestone for us through the last year was the major reorganization we went through, to where we now have individual service levels, and we have people responsible. We had to change the organization so we could actually get to the state that Ron is referring to.

●(1715)

The Chair: We will go to Mr. Whalen now.

Mr. Nick Whalen: Thank you for coming. There are many questions I want to ask, but I just want to focus on a final point very quickly, about the charts in the presentation you made earlier.

You talked about a number of the inputs into the system. From your understanding of how the 2013 and 2015 strategic plans for your organization were made, how did gender-based analysis figure into it, specifically with respect to future hiring of women in technologically based jobs? Is there a plan to encourage training in those fields, to make sure that over time Shared Services Canada is providing gender parity in the workforce for its more highly paid positions?

Mr. Ron Parker: In terms of the planning, I can't say what happened in the past. What I can say is that in terms of building the plans for the future, we have a very close eye on labour force availability and where we stand.

We are slightly below labour force availability with respect to women. We are very close with respect to women, visible minorities, and aboriginals. In terms of diversity overall, we very much have an eye on this, and on the development of talent going forward as well.

The Chair: Thank you very much.

Thank you so much for coming, Mr. Parker, Mr. Glowacki, and Mr. Duplantie. We appreciate your attendance. The committee will be determining whether we want to conduct a little further examination of Shared Services Canada, but I do appreciate your time and the information you provided. You are excused.

We will suspend for two minutes, and then we will come back in camera.

[*Proceedings continue in camera*]