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Chair

Mr. Tom Lukiwski

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● (1525)

[*English*]

The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)): Colleagues and invited guests, I know we're starting about five minutes early, but I would like to reserve about 10 minutes at the end of our meeting for some brief committee business. We'll see if we can get as much time in with our witnesses as possible.

We have two witnesses with us to continue our study of Shared Services Canada: Mr. Chris Molinski and Mr. Kevin Radford. I understand that Mr. Molinski has about a 10-minute opening statement and that Mr. Radford will be a little bit briefer than that.

Perhaps we could start with you, Mr. Radford. Please introduce yourself, and then we'll move over to Mr. Molinski for his opening statement.

Mr. Kevin Radford (As an Individual): It feels like I was just here.

Voices: Oh, oh!

Mr. Kevin Radford: I am Kevin Radford. When I worked at Shared Services Canada, I had the privilege of running operations there. I had about 90% of the folks. My job really was to keep the lights on, run all the legacy systems, and support guys like Chris.

It's an honour to be here with Chris. We worked well together for many years. I was actually at the GTEC awards night when Chris won a lifetime leadership award for his involvement in the CIO community.

I look forward to your questions. I'm very pleased to be here as you do your study on Shared Services Canada.

The Chair: Thank you very much.

Mr. Molinski.

Mr. Chris Molinski (As an Individual): Thank you very much. I'll be happy to leave a copy of my notes when I leave.

First of all, thank you for inviting me to appear today in front of this parliamentary committee. I feel honoured to be here today. I am speaking as a former employee of the federal government and not Hewlett Packard Enterprise, the company that I presently work for. All the opinions, comments, and input are mine and mine alone. The input I am providing today is based on my knowledge and expertise of Shared Services Canada up to June 14, 2015, the date of my retirement from the federal civil service.

I spent 37 years working in the federal government, all in the information management/information technology domains. I worked at the Department of National Defence from 1978 to 1988, and I started at the lowest possible level that you could start at in IT. Then I was at Transport Canada from 1988 to 2015, the last 15 years as chief information officer. I was the longest-serving CIO in this position.

To start, I am extremely proud of the time I spent working in the federal government, and in particular as the CIO of Transport Canada. We accomplished much. My employees were very skilled, passionate, and committed to service excellence in supporting departmental program delivery. They worked under considerable resource constraints and pressure to deliver the required services and to meet the performance levels required. TC's IM/IT had the lowest employee attrition rate of all Government of Canada IM/IT organizations. I am most proud of this. We valued our employees and they valued working at TC. They were kept extremely busy and were given the authority and accountability to get the job done. Under my leadership as CIO, TC was considered a best practice department in IM/IT strategic planning, operational excellence and efficiency, thin client desktop, server virtualization, operation automation, information technology service management, and information management, particularly electronic document management.

TC received the highest Treasury Board Secretariat management accountability framework ratings in IT management every year and was the only department to receive the highest MAF rating possible in IM. My management team and I spent considerable time sharing our best practices and lessons learned with other government departments. TC IM/IT received numerous departmental and Government of Canada awards during this period. TC IM/IT also leveraged our private sector partners, where it made sense, to help us transform and deliver the most efficient, cost-effective and high-value IM/IT services possible. We could not have achieved our goals, over my years as CIO, without private sector support and expertise. I am profoundly thankful to all my colleagues, internal and external, and my IM/IT partners for all the support provided to me and the department. I feel honoured to have worked with these people and very honoured to have accomplished what we were able to.

I also want to thank SSC employees and previously PWGSC employees who have supported the sharing of services. I'll get into details of the sharing of services before the actual Shared Services Canada was created. I know that many of these employees worked extremely hard to deliver the best possible services and were and are committed to service excellence. For that I am eternally grateful.

I'm going to take you back a little bit to the mid-1990s when TC went under massive transformation with the privatization of air traffic control to Nav Canada; Canadian Coast Guard transfer to the Department of Fisheries and Oceans; and the privatization of national airports, harbours, and ports.

This transformation resulted in TC's employee base shrinking from over 30,000 employees to 5,300 employees over a five-year period. These changes resulted in Transport Canada having an over-provisioned IT infrastructure. A $20-million data centre at Macdonald-Cartier International Airport in Ottawa had just been built before the devolution transformation direction was announced. This data centre and the associated IM/IT infrastructure, computers, network and data storage, and human resources were now being utilized at less than 25% capacity. The solution to this issue was to transfer the TC data centre, all associated hardware and software, all IM/IT infrastructure contracts, and 30 TC IT employees to Public Works' government telecommunications and informatics services, or GTIS as it was known, or as it was commonly referred to, baby shared services.

The end result was that TC was able to save costs and avoid $2 million annually from a $10-million spend. It had been costing us $10 million, and we were able to have the service delivered by Public Works for $8 million.

Public Works was also able to leverage the excess data centre space, associated IT infrastructure, and the transferred employees for other government departments, resulting in over tens of millions of dollars in cost avoidance for the Government of Canada. Service level standards were established, and performance measurement processes were put in place. It also should be noted that the Macdonald-Cartier data centre, built by Transport and transferred to Public Works, is one of the flagship data centres for Shared Services Canada today.

Additionally, a few years later, Transport Canada transitioned our wide area network service to PWGSC GTIS, leveraging the shared services already being delivered, and bought the WAN service back on a fee-for-service basis, based on volumetrics and performance. Again, significant savings were achieved for TC, and there was significant cost avoidance for the Government of Canada.

● (1530)

Tactical and strategical government committees were established, and all the associated required management operational processes. Both those shared services initiatives were a resounding success and should have been a best practice for the future Government of Canada shared services direction.

I will start by saying that I firmly believe in the shared services concept when done properly and where it makes sense. TC and Public Works proved that it does work.

In my opinion, when SSC was formally announced, line departmental CIOs were generally not aware, and minimal consultation had occurred on any planning for the implementation model. It is my belief that planning for SSC was done at such a high level that operational issues associated with the implementation were not completely understood. The implications and complexities were vastly underestimated, and impact on line departments was severely underestimated. When SSC was formally announced with no new money allocated to support implication, and in fact, significant resource reductions identified, it was clear to me at the time that SSC had an extremely minimal chance to succeed, right from the start.

My experience and knowledge told me that significant—in the billions—investment had to be done to meet SSC's and the Government of Canada's identified objectives. In addition to this, I was extremely concerned about the magnitude of transformation being proposed and the lack of strategic planning to support this transformation. Line department CIOs already had their hands full delivering existing and transformative services to support evolving departmental program delivery. The analogy of a change in car engine at 100 kilometres an hour could be used here.

It is my feeling that if departmental CIOs had been fully consulted, better informed decisions could have been made resulting in a modified shared services implementation that could have been actually implementable over a prescribed time period with the proper investment. In addition, any existing SSC business cases at the time for the most part did not include departmental transformation costs. One example is the email transition initiative. The business case did not include any departmental costs for application changes, training, or implementation. These departmental costs are significant and should have been included so an informed decision could have been made on the direction and implementation that was best for the Government of Canada.

Shortly after SSC was announced, a letter was sent to each line department deputy minister providing additional information on the SSC initiative and saying that existing IT services and the required associated service levels would continue to be delivered by SSC. This was shocking for all line departmental IT employees and CIOs, as SSC management had little idea of the actual services being delivered, and had minimal idea of the required and established service levels. SSC also made it clear shortly thereafter that they would not establish service level reporting.

Common belief was that SSC did not want to create service level standards, as there was significant concern that the service levels could not be maintained. This was very difficult for many departmental CIOs to accept, as many departments had implemented IT service level standards to meet the program requirements of their respective departments. TC was able to minimize the impact of this and maintain its required service levels as the TC employees transferred—more than 35 of them—to SSC remained on TC premises and were dedicated to TC.

TC had a strong operations management, which included accountability for reporting on SSC services levels. We established a position at the senior level to actually monitor and manage the SSC services to Transport Canada. TC would not allow any changes on SSC employee relocations until a transition plan was developed. This was just beginning to occur when I retired in June 2015.

SSC also made it very clear that its focus and priorities would be on the transformation agenda and not supporting sustaining existing services and support. This direction had resulted in critical hardware/software maintenance agreements not being renewed, data centre support systems not being maintained, critical hardware becoming end-of-life and beyond, software becoming obsolete, and skilled support resources not being replaced, both employees and contractors. This in turn resulted in many major server outages and SSC losing even more credibility.

In fact, one major outage—some critical systems down for days, many others down for 24 hours—at the Macdonald-Cartier data centre, which TC had built, was due to not having 24-hour/7-day power maintenance contracts. This is unheard of when it comes to critical data centre services. This maintenance contract was for the daytime only and was provided by a Toronto-based company, five hours away. When the outage occurred, SSC had no idea, or very little, of what systems ran in that data centre, what departments were impacted, and how to do the proper problem resolution and associated escalations to minimize impact.

● (1535)

Many more outages have occurred and continue to occur. Recent press and internal Government of Canada documents validate the severity of the issue. This is of critical importance to all Government of Canada CIOs, as program delivery is being directly and significantly affected.

After SSC was announced, I and members of my management team attempted to insert ourselves into as many SSC governance committees as possible, to both support and attempt to influence direction. It quickly became apparent to me that for the most part, SSC on the transition side didn't want to hear any input, and that the direction had already been set by senior SSC management and was not open to change. This was relayed over and over to me as I attempted to provide input, challenge directions, and offer recommendations. I offered to have TC take on the leadership for the ITSM initiative under SSC's authority, a critical piece of work for SSC success, but the offer was declined. Little progress has been made on this file.

I specifically remember one planning meeting that really stands out in my mind, even though it happened three years ago. I was told that TC computer applications did not meet SSC standards, and

therefore would not be moved to the SSC production centre in Buckingham, as had been planned. This was the first time I had ever heard of these SSC standards. I asked what consultations had been done and why these were not Government of Canada standards. I did not get an answer. I escalated up the line in SSC and still did not get an adequate response. I could go on, but you get my point. I am sure that for some of the most senior SSC executives, I was considered a pain in the backside.

I firmly believe that when consultation did occur, it was done for SSC to tick a box rather than to hear what departments wanted to say. I also heard the same from many industry experts. At the most senior levels, SSC seemed to know all the answers before the questions were even asked or input even provided. Government of Canada partners felt marginalized and even under attack from SSC, as the rules of engagement and procurement continually changed.

It became apparent to me that line departments were considered as users and not partners, even though SSC continually indicated the opposite. To be partners, both sides must be included in the planning and decision-making process. This was simply not the case in the vast majority of instances on the transformation side.

Another one of the issues I had with SSC was that I was never able to obtain an integrated strategic plan covering off all the transformation areas. The ETI, or email transformation initiative, and network and data centre consolidations are all interrelated and impact each other. Add in the departmental implications and you have a strategic plan to begin to move forward. Without one, it is impossible to do the detailed planning required for successful implementations. In my view, this has never been done properly. I asked continually to see this plan and the associated HR plan for SSC employees. I do not believe one existed then.

After SSC was created, procurement resources were transferred from the then PWGSC to SSC, and SSC was given the authority to do their own procurement. This, in my view, was a grave mistake. It has resulted in significant issues with procurement, including issues with process, security exemption clauses, fairness, transparency, and perceived favouritism. It is my opinion that the Government of Canada should have one procurement centre of excellence, and it should reside in PSPC...what is it called now?

Mr. Kevin Radford: It's Public Services and Procurement Canada.

Mr. Chris Molinski: Yes, Public Services and Procurement Canada. It's changed since I left.

My rationale for this is the same reasons as why SSC was formed itself: efficiency, effectiveness, and delivering high-value services.

As mentioned earlier, the Government of Canada has some of the best and brightest and most competent IT/IM workers in Canada. What has happened to these workers who have been transferred to SSC for the most part has been very disconcerting to me. Many employees at the working level have been marginalized, and not consulted or involved in direction setting and/or decision-making. They are uncertain about their future and have been asked to deliver increasing amounts of work under increasing pressure. The Government of Canada employee survey indicated that SSC employees have the lowest morale of all Government of Canada departments. I believe that Government of Canada employees are the most important asset the government has. It is tragic that these issues with SSC employees have occurred. Employees are the most important asset in any organization.

My recommendations, at a very high level, as of June 14, 2015, are: identify SWAT teams to work with each department to resolve outstanding production problems. Once this is done, including ensuring hardware and software, etc., is not obsolete and the necessary maintenance agreements are in place for all IT infrastructure, including data centre support systems etc., identify and agree upon service standards and report monthly on SSC performance. Ensure monthly performance meetings are scheduled with each department and SSC production operations. Establish escalation processes and all necessary production governance processes and procedures. Implement the necessary automation tools to include asset management. I firmly believe that SSC does not know what is in the environment today and what they are managing. Identify all hardware and software, including licence compliancy, network components, application configurations, and interfaces, etc. Then there is server/storage deployment automation; operations monitoring and performance management; an integrated ITSM, building on the largest install base already implemented in line departments. This supports every facet of production operations, from help desk to change management, to configuration management, to access control, and all the required operational support processes.

Freeze, where possible, all transformation activities and reset the plan, with input from line department CIOs and industry experts. Some major IT companies have implemented massive transformations internally and have the required experience, services, and best practices to support the Government of Canada's transformation initiative. Consult and engage with these companies that have proven track records and have lived transformation activities. Align this plan with the Government of Canada's strategic IT/IM plan being done by Treasury Board and also departmental IT/IM strategic plans. Once this plan has been approved, develop an implementation plan that will identify the lowest-hanging fruit and all implications. This plan should include the target architecture that all departments should migrate to and when over the next one to three years so when systems are rebuilt or software is bought, it is bought for the target architecture. Data centre convergence will be simpler when departmental systems are standardized.

Government procurement should negotiate enterprise licence agreements for all software in this target architecture to drive down costs. Business cases should then be developed, including identifying all costs. Approval of business cases will dictate priorities, resources required, and scheduling of implementations. While this is

occurring, give departments approval to move forward on IT/IM delivery priorities—because we can't stop delivering the line services, and you did—with SSC acting as a service broker.

Start small. Think big. Treat line departments as real partners and really listen to what they have to say. Involve them in the decision-making and keep them informed moving forward.

The next recommendation is to cancel the email transformation initiative due to the significant schedule delays and cost overruns, and await the results of the strategic plan. There is little credibility left with the ETI as it stands today. Once directions and initiatives are approved, develop an HR plan for all SSC employees, including training, career development, etc. For those employees whose functions may be outsourced or privatized, utilize workforce adjustment and try to place them, through retraining, etc., into other positions or transfer employees to external departments. Minimize any layoffs to the absolute degree possible. Align this plan with departmental HR IT plans and manage IT employees at the Government of Canada level. Keep employees aware of the developments affecting them and make them feel that they are part of the solution.

The next recommendation is to transfer procurement authority and associated resources back to PSPC to create a procurement centre of excellence.

The last one is to establish, augment, and strengthen the required tactical and strategic governance: tactical governance to deal with present IT/IM services and strategic governance to deal with SSC direction and project implementation. Manage expectations and communicate.

Now I'll move on to my final thoughts. It is my feeling that without immediate and direct intervention, SSC will not accomplish and meet the objectives assigned to it, resulting in significantly increased costs and extremely inefficient and ineffective IT/IM service delivery, the end result being that line departments will not only be unable to deliver their existing program delivery services, but will not be able to transform to meet evolving requirements. This will ultimately result in the federal government becoming less and less relevant, and Canada as a country becoming unable to compete in the global marketplace, and a civil service that will be not only no longer the envy of other countries but unable to support the needs of Canadian citizens, businesses, and others.

● (1540)

Canada is the best country in the world. Let's keep it that way.

Thank you for your time today.

The Chair: Thank you, Mr. Molinski. I appreciate your candour, as I think most of the committee members do as well. We have you here until 4:30, and I have a sense we're not going to run out of questions to ask you.

We'll start with a seven-minute round with Mr. Whalen, please.

Mr. Nick Whalen (St. John's East, Lib.): Thank you very much, Mr. Chair.

Thank you both for coming.

We've already heard from other witnesses in respect of this matter that was referred to us by the public accounts committee, an opportunity to do a study into Shared Services Canada, with a view to how we can move forward with the high-quality level of services that Canadians expect their government to have on the IT side.

Some of what we've heard from Mr. Molinski doesn't necessarily correspond to testimony we previously received. Maybe, Mr. Radford, you'll be able to provide some buffering comments that might shed some light on where we were when this started and your perception of the need for SSC and the problems it was designed to solve, particularly with respect to what Mr. Molinski has identified as some missing plans—HR plans, transition plans, transfer plans—a lack of consultation of the departmental CIOs, and a disconnect between what Mr. Molinski is saying, that departmental IT service levels did exist, and what we've heard from previous witnesses, that they did not.

Then there's the movement of the procurement centre of excellence out of the Department of Public Works and Government Services, at the time, into SSC, and whether or not you agree that these things weren't managed in an appropriate fashion.

● (1545)

Mr. Kevin Radford: I hope Chris feels better, but well done, well said.

I was there at the very beginning. With respect to the planning that was done prior to the creation in November—I moved over there on November 22, 2011—I was not involved in the consultation or in the administrative service review. I was asked, because of my experience and some of the success I'd had, to move into the operational role and, because of the relationships I had with people like Chris and within the community, to work with them to basically keep the lights on in the legacy systems. That was my role operationally, but I also had a role to deal with the people who work for us within the organization.

From a planning perspective, I think Chris's point was that there wasn't a lot of consultation, and I would support that point. I think that is valid. Often when we pull these things together and make large machinery changes in government, there's some secrecy around that, so it was a bit of a culture shock for organizations to find out that their back-office folks would be moving to a new organization.

The way that was meant to be mitigated was that those people would actually stay within those organizations. One has to understand that no HR plan had been created when SSC was created. In fact, there wasn't even an HR management system when we arrived. With regard to most of the systems we leveraged, we had

agreements with people like Chris and the 43 departments that were involved, such that they would continue to pay and manage the people who were still within their buildings, supporting their former data centres. It was more of an ownership issue. They continued to work in their operational environments, but they now wore a T-shirt that said, "I work for some other new entity that I don't know a lot about". I just want to say that as well.

From a legacy perspective, Chris waxed on a lot about some of the success he had as a CIO, and he was recognized with a long-time service award for outstanding leadership in this field. I have to say that in many of the departments whose back office I became accountable for, that maturity level, if you will, with respect to understanding the assets that they had.... I don't want to leave an impression that there was a detailed service level agreement within each CIO organization, because that's completely untrue. For the more mature organizations like Transport Canada, which had moved back offices almost a decade before the creation of SSC to ITSB and GTIS, as you mentioned, there would have been a service level agreement, but the only departments that had done that were Transport Canada and—Chris can correct me if I'm wrong, since I'm going on recall—Canada School of Public Service, but they were small entities and they represented about a couple of 100-million dollars' worth of operations on a day-to-day basis.

There was no financial system when we arrived either, so we continued to use departmental financial systems. Where we were managing contracts and had taken responsibility for contracts, we were still leveraging the community to help us manage those contracts in the legacy systems as well.

I'm trying to answer your question around HR transition consultants. You need to understand that I looked at it as a leadership opportunity. I believed the enterprise approach was the right way to go, and I think all of us did. It was the right thing to do. Chris's point was that if we could do this again, would we put more time into planning it, getting a coalition of the willing, starting small, etc.

I'm sorry if that's—

● (1550)

Mr. Nick Whalen: I'll interject here.

I'm getting the sense that you feel the plan was a bit rushed, which might have been necessary due to the nature of making this large governmental transformation and some desire for secrecy before the fact, rather than trying to smooth it in. Is it possible now that we still have the institutional knowledge within the employee base in SSC to appropriately manage all the legacy systems, to put these plans in place from now moving forward, to do the work right now if we start now?

The Chair: I'm sorry, but I'd ask you to keep your answer extremely short if you can.

Mr. Kevin Radford: Yes. Absolutely, I believe the people who work at SSC first and foremost want to contribute. They want to be happy in their jobs. They are very skilled. Everyone who worked for me in that organization had nothing but the best intentions to support the organizations they came from and to maintain operations. Do I believe they still have, in who is there, a bench that can make this happen? The key is not just that bench but a CIO community that needs to come together in an integrated planning fashion. That bench is what will make us successful going forward.

The Chair: Thank you very much.

Mr. Blaney, for seven minutes, please.

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

I believe this is the only round my colleagues and I will have for these witnesses. Is that correct?

The Chair: We may have a little more time. We have about 35 minutes left.

Hon. Steven Blaney: Okay.

Thank you very much for being at this committee today. I was looking at our analyst while you were speaking, and I had the impression the analyst was writing a fair share of the report on the reasons that Shared Services Canada has not experienced the success that was anticipated. For that we certainly want to thank you.

We were also looking to have feedback from departments working with SSC. I think we got more than we asked for, and we thank you for that also, especially since you are now in other dimensions of your careers.

You raised many, many detailed and interesting points, Mr. Molinski. You identified some of the huge challenges you had in what I would see as an almost chaotic environment. We know now that at Shared Services Canada they are looking forward, and they have to kind of digest this first phase. What would be your main issues? You certainly alluded to some in your presentation, but can you elaborate a little more? Then I'd like to hear from Mr. Radford on this.

Mr. Chris Molinski: Thank you very much for the question.

First, let's talk about legacy systems. People think the word "legacy" means old or bad. It doesn't. It means existing. The legacy systems or the existing systems are what support federal government program delivery today, including mission critical systems. If you don't maintain and you don't nurture those, then those systems will not function and they will start having problems.

While you have a transformation agenda, you also have to position it to support what you're doing today as you build to something that you need to go to tomorrow. Investment is required, and planning is required, and you need to understand the details. CIOs are responsible, under immense pressure, for ensuring that service delivery can be met to meet program requirements. I dare say that in a lot of departments at the senior levels the delineation between SSC, what they deliver, and what IT shops and departments do is not understood. At the end of the day, they're integrated. Without SSC service delivery, program functions cannot be done. It's the infrastructure that everything rides on.

The first thing, as I mentioned, is that I think we need to fix what's wrong today. Legacy is not bad. Obviously, we want to transform where it makes sense, not only from a functionality perspective but where it physically makes sense. To use an analogy, if you're driving a 2010 Ford Taurus and it works great, and it does everything you need it to do, then you don't need to go and buy a 2016 Ford Taurus if you don't need what it has.

I think that is what's been missed here. I think when some decisions were made and some directions were set, people didn't understand the details around what they were. The concepts are exactly right—we want to drive costs down—but you have to invest in it and you have to understand where you are today to position where you need to go tomorrow.

●(1555)

Hon. Steven Blaney: Are there some gems somewhere in some department that we kind of *nivellons par le bas*? Did we kind of scratch those systems because they were not part of that vision or developed for those specific needs?

Mr. Chris Molinski: I think line departments have a role to play here too. A lot of systems evolved through shadow IT, not through the corporate IT shops, so a lot of departments don't know what they had. This was all coming together when SSC was announced. There was an issue from a Government of Canada perspective.

Each line department needs to do their own analysis of the applications they have, and hopefully they've identified their mission critical ones, ensure those are being nurtured and nourished, and then look at how they can change the rest. There are lots of things you can do from a shared service perspective and not touch the application level. You can start with networks. You can start with things in the back end that can make changes, understanding what those needs are.

When you start doing client-facing or business-facing systems... because they're very integrated. Take our financial system. People talk about back office applications. I don't believe there are back office applications anymore. They support our operational needs. Our financial system had tens and tens and twenties of integrated systems that affected our inspection of aircraft, or our inspection of marine, or our inspection of rail. You need those systems.

Hon. Steven Blaney: Thank you.

I'd like to hear Mr. Radford, please.

Mr. Kevin Radford: I didn't mean to...when I referred to legacy, right? It just was the existing stuff; that's just a term.

We can't forget that in 2010 there was an Auditor General's report that looked at five major systems. If you look at those recommendations, you'll see they didn't say the legacy is glowing, is working great, is all interconnected, and is sustainable. They said quite the opposite. They said you need to make major investments. The recommendation, just on the five systems studied, was two-billion dollars' worth of investment.

When SSC was created, it did not inherit, or the departments that came into the marriage for the most part did not show up with systems that were not in need of investment.

I'll use some examples, because I think Chris made some great points, and I don't disagree with anything he said.

When you look at Canada Border Services Agency and the importance of that organization from a security perspective, you see it links into 17 different departments and agencies.

During my tenure in operations, we went from hundreds of outages across that ecosystem of departments, and using and leveraging the power of working together where back office—I'll say back office—employees now were working under the same roof, we were able to analyze single points of failure.

We were able to analyze, when we make these kinds of changes from a maturity perspective and development of systems, that we have to go through the testing procedures in a certain way to make sure that, when they move to production, they actually work.

My point is that we actually uplifted the performance of some fairly dated systems around managing the border. There was no singular place where security operations came together, where all government departments were actually hooking into the Internet except for at various places, and that wasn't always the case. We were able to work with our security partners, pull the security teams from multiple partners together, and manage cyber-attacks in a coordinated way: what's the problem, who has the problem, etc.

There were some major benefits to bringing them together for the first time, for example, with the Heartbleed or whatever virus you want to talk about. You remember the one that brought CRA systems down, where someone actually infiltrated the systems. That was the first time we were able to work in a coordinated fashion and bring major systems down in order to protect government systems going forward.

The idea behind shared services to improve security is absolute. What I think Chris's point, if I could say it very briefly—

The Chair: I think we're going to have to cut it off there. I'm sure we'll get a little more disclosure as we go through the question process.

Mr. Weir, you have seven minutes, please.

Mr. Erin Weir (Regina—Lewvan, NDP): Thank you very much, Mr. Molinski, for shedding some light on what went wrong at Shared Services Canada. I also very much appreciated that you provided some recommendations for how to fix it.

You presented a fairly large number of recommendations, and I wonder, if you had to distill it down to the top two or three recommendations, what they would be.

●(1600)

Mr. Chris Molinski: Thank you very much for the question.

Just as Kevin said, departments have different maturity levels. I'm speaking about Transport Canada. I'm not speaking on behalf of my colleagues in other departments, just to clarify.

I think really what Shared Services needs to do is take a step back. There's just too much on the platter to do what it is trying to do, and I think it's an almost impossible challenge to do that, based on how government is evolving.

What we need to do, as I indicated, is to pick where there's one transformative area that makes the most sense, that's going to perhaps cost the least and could show some success. Right now there's a serious credibility issue in line departments with their shared services. People believe in the concept, but the results are not generally there everywhere.

Don't get me wrong. People have worked extremely hard, and there have been some successes, security being a major one. I couldn't agree more with Kevin on that.

I think it needs to retool, do an analysis, set the expectation of what can be done, when it can be done, and what investments are required and then move forward with that.

The first thing, obviously, is to fix all existing production problems that are in place today. If you don't fix those today, we're going to continue to have more outages that are going to cause more issues moving forward. You don't want to spend a whole bunch of money if you're going to migrate off those in the future, so it's a balance, but you still have to make sure the right services are being delivered.

Mr. Erin Weir: One of the points you made was about not reinventing the wheel. If you have something that's working, you don't necessarily need to replace it.

One of the changes that previous witnesses from Shared Services Canada were very keen on was replacing traditional phone lines with VoIP. I think they had a number of arguments in favour of doing that. I wonder if you agree that's the way to go, or if you think it was maybe a mistake to push so hard in that direction.

Mr. Chris Molinski: If I can talk about my new job, the difference is that when I walked into Hewlett Packard Enterprise I could click on a meeting, which would set up a video conference, would set up a voice call, or would set up a teleconference with one click through Outlook, through Skype for business.

There are technologies that are out there. Voice over IP is perhaps a little dated now, but I agree those are the kinds of things where government can really leverage, because they're technology things that don't affect systems directly day to day where these things can provide immense value.

From personal experience, I was shocked just how well this worked and it was all delivered in the cloud. Just to throw that out there, it wasn't even delivered internally by the HP company themselves.

Mr. Erin Weir: That's very interesting.

It seems that part of the Shared Services concept, which I think you basically support, is really centralizing things to avoid redundancy between departments. I wonder if at some point there's a risk of concentrating too much of the Government of Canada's IT capacity in too few centres? Does that make us more vulnerable to an attack or a natural disaster or some other type of outage?

Mr. Chris Molinski: That's a good question. It's all a balancing act.

I think certain things lend themselves to shared services a lot more than others. For example, if you look at basic desk-top services, we talk about email, office automation, business analytics, and we talk about electronic document management; those can all be done. I firmly believe no matter what department you work in, you should have the same services wherever you go unless there's a requirement for something different. There are certain things you can do.

Throwing all the eggs in a basket, technology does exist where you can build disaster recovery through automation. The tools are there so that you can certainly minimize any risk by doing consolidation. I don't like the word "centralization"; I tend to do consolidation where it makes sense.

The interesting thing, if I may, is every department went through what Shared Services is going through. When I started at Transport in 1980, everybody had their own IT. I think there were seven different email systems at the time and different networks and the whole thing, and we went to what we called the "rules of one" where we funded it, established it, understood the business, and rolled it out. At the end of the journey, we had one email system, one wide area network system, and one financial system where we used to have multiple before.

We lived all that and we invested, so we knew. Then when we went to Public Works as part of the data centre consolidation when we transferred the facility over in the wide area network, we had background in that. I firmly believe that if SSC at the senior levels would have listened to some of that.... And I know people use secrecy and they do these other things, whatever it may be, and as a line department CIO that was a big aggravation for me, because we had lived a lot of these issues already and we were continuing to live them again.

Mr. Erin Weir: You mentioned procurement and room for improvement in that area. I'd also like to tap into the fact that you're currently working in the private IT sector. I wonder if you see procurement with the Government of Canada for IT as being appropriately focused on the lowest cost or do you think it also makes sense to use that huge amount of procurement to try to develop the IT sector in our country.

Mr. Chris Molinski: It's an excellent question. From within, government procurement never really worked properly and now that I'm in the private sector, it doesn't work at all, depending on your perspective.

The issue is government procurement is driven towards low cost and IT is not low cost in all cases. It's got to be best value. Right now IT procurement is fragmented between line departments that buy some of their stuff through Public Works because it's in this domain, through SSC in this domain, and a lot of departments don't even

know how it works themselves and you look at the private sector on top of that, trying to do business with them, because the private sector has a lot to offer.

As I said in my opening statement, I leveraged those. I could not have accomplished what I did without the private sector helping Transport Canada deliver what we did. We didn't have the people. We had to buy those services and we bought them cost effectively through open, fair procurement methodologies.

Right now, I think government procurement is a mess, and I'm seeing it from the outside and it needs to be fixed. I think one of these things is by creating a centre of excellence where you could have it identified and work with government departments and industry to try to position this to look forward, and it's been tried before. But we have to get away from the low cost. We need the best value. Otherwise, things get into low cost and they nickel and dime and nickel and dime and before you know it, you're paying three times what you would have paid for it in the first place.

Some will argue the ETI is a perfect example of that. I won't comment on that. I wasn't involved in the procurement, so I'll leave it at that.

●(1605)

The Chair: I think we'll cut it off there, but we should have at least another three-minute round.

Monsieur Drouin, please.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

Mr. Radford, in your long speech, you mentioned keeping the lights on. I'm wondering, when you came in, what sort of performance management metric was in place to.... I know Mr. Molinski mentioned that there are various levels of maturity within different departments. How did that impact the performance measurement metric in place?

Mr. Kevin Radford: Thanks for the question.

From a "keep the lights on" perspective, we immediately focused on the 1,572—I believe that was the number at the time—mission critical systems that had been identified by people like Chris and the CIO community and the programs they supported. Every week we created an operations committee. In Chris's opening remarks, he said he had a service management organization that was tracking how his systems were operating, etc. Multiply that by 43, and in some cases, multiple service management organizations. In some cases, the departments kept them, and in some cases, the department passed them to us. We had to coordinate those in a holistic way without universal tools. For, I think, some 73 different systems, etc., we were tracking what was actually going on in the systems at risk. From a performance metrics perspective, we went right to basics: What are the incidents that are occurring? Let's track those. Let's report on those, and let's track how long it's taking us to respond and how long it's taking us to repair. Let's meet every week and discuss that. Incident management under the ITIL, information technology infrastructure library, is how this is met. It's an international library of terms that everyone understands, but in the IT sector, we focus on incident management and doing that through a holistic process.

The second piece was to move into problem managing, looking at where we were seeing trends and in what systems. We kept metrics on those.

The third of course was the change management area. It's just like if you own a condominium here in Ottawa, you normally get a little posting that says "Hey, we're coming in three months, or during this weekend we're going to be bringing systems down and then we're going to be up. Let's plan together with regard to how this is going to impact our program." From an operations "keep the lights on" performance perspective, that was how it was managed. It was managed weekly under tight governance. Initially our chief operating officer at the time, Grant Westcott, oversaw that process, and then I took it over. I can't remember exactly when, but that was how we managed it. From time to time, it was an open forum. We would be privileged by having someone from the CIO community in observing on that as well.

Mr. Francis Drouin: You were talking about procurement. Did procurement ever impede your ability to slow down process, in terms of replacing...or performing your job?

Mr. Kevin Radford: I wouldn't put it as procurement impeding us. I could tell at P3, looking at salary. That was really easy to predict. Looking at the systems we supported and the capital program that would be necessary to do replacements, I could predict with some accuracy after year one, which was kind of a learning year for all of us, to within a couple of percentage points how much we would need to spend to sustain the legacy systems. What I would say impeded us was investments. In the first year, we were under the economic action plan, and like all departments, we were asked to give up basically 10% of our overall funding envelope. For us that represented $150 million. I believe the number now is about $209 million that's been removed.

The Auditor General said we needed to invest in order to uplift. We were under a savings plan, if you will, to invest from within, and eventually that made it very difficult for us to maintain procurement vehicles to keep various systems up and running. Our focus was on mission critical, and part of the overall philosophy from a strategy perspective was that we almost needed to invest to save. I wasn't responsible for that, but I was certainly involved and consulted regarding some of the service design and where it was going. In this past budget, I saw that significant numbers of dollars were put into uplifting those—I can't think of a word other than legacy—existing systems that were supporting mission critical programs for Canadians and for the government.

●(1610)

Mr. Francis Drouin: That's great. Thanks.

Mr. Molinski, on the procurement theme again, the previous witnesses mentioned that SSC is keeping procurement because we have to have the expertise. IT procurement is very complex, and you say we have to create a centre of excellence for procurement. Do you believe that Shared Services Canada should keep procurement? I know you've already said you wanted to move it out, but why would you say that?

Mr. Chris Molinski: I believe you could say that, from an efficiency perspective and best practices perspective, you can work collectively together. If you have bursts of work that you need to get done, you can reassign because you have a specialized organization that can do that. Whether you're procuring a tank or you're procuring an IT system, it should be the fundamental.... The content may be different, but the process should be fundamentally the same.

Mr. Francis Drouin: That's great.

How much time to I have?

The Chair: You have one minute. That's for both the question and the answer.

Mr. Francis Drouin: I want to build more on procurement. How do you feel, now that you're in the private sector? Usually if there was a procurement challenge, when IT procurement was at PWGSC, you would be able to complain at PWGSC or at least get a fair hearing at PWGSC. Do you feel that you get that same chance at SSC?

Mr. Chris Molinski: I really haven't had that issue to deal with in the private sector. I think the people are always open at Transport Canada. I have met with SSC procurement people in my new role, and they were very open and very understanding in explaining to us the new systems, because we weren't told. Sometimes things would change. For example, HP has standing agreements with departments. It was divided in two; some went over to SSC and some stayed in departments.

We weren't aware of that until we met with the SSC procurement and were told. They said communication had been sent out. It may have just been an anomaly, but the question is very fragmented. I've always found that the people are open. They're working very hard to do the right thing. These people are committed to deliver the right services. Sometimes it's just the amount and the competency of the people they have, because sometimes it's hard to replace people who have the required skill sets. That's when, if you have a centre of excellence, you can build that, transform it, and make sure you have the people coming up who can deliver those services.

The Chair: Thank you very much.

We go now to five-minute rounds. We should have time for at least three intervenors.

Mr. McCauley, you have five minutes, please.

Mr. Kelly McCauley (Edmonton West, CPC): Mr. Molinski, thanks for your passion on this. I'm glad you speak very fast, because we wouldn't have gotten through your report otherwise.

Mr. Chris Molinski: I've been accused of that my whole career.

Mr. Kelly McCauley: You were talking about email; one of the pillars was the unified email. I think you said to get rid of that. Could you expand on that?

Mr. Chris Molinski: I'm saying get rid of it from a contractual perspective. I'm only referring to the period up to when I left and I retired from government. But if a project is that delayed, why and what are the chances? If it's salvageable, obviously you want to salvage it, if you've already invested money in it. But when do you stop sending good money after bad? I don't know. It's just something I would do, or look at, because as I say, I think there's lower-hanging fruit that could be picked, unless this could be implemented and back on track soon.

Mr. Kelly McCauley: Driving the cost or driving the inability to get it done.... As an outsider, it seems very simple to switch over.

Mr. Chris Molinski: Again I'm speaking as a retired civil servant. I think it had to do with the procurement and low cost, and perhaps not the best value.

Mr. Kelly McCauley: Okay, that's great.

How much do you think the SSC issues that we have are because of various departments protecting their turf? I can imagine Transport Canada and everyone else is all of a sudden being told these people who you've groomed are no longer under your control; they're now slid over. Was that a huge part? Is that just part of the planning disaster?

● (1615)

Mr. Chris Molinski: I'll give you an example. When SSC approached me about moving over my email people as part of the transition after SSC was announced, I met with them and told them that I had two people who did it and a 0.5 contractor whom I would hire when we had changes. They didn't believe me. They said every other department had at least 12. They asked where my other resources were that I was hiding and didn't want to give them.

At Transport Canada, as I said, I was very proud of them. We had the best, but we didn't have a lot of them. We gave what they did and how they did it. I didn't have a choice. Maybe large departments

could hide that a little more, because there are a lot more IT people. I didn't. When our people transferred over, they were good.

All CIOs believed in shared services. They really believed in the concept. Where the concern came is that, as a CIO, you're accountable for the line delivery. I remember briefing my executive on SSC at a committee meeting, and one of our senior aviation people stood up and said, "Chris, how can guarantee the services will be maintained as they are today". I said I couldn't. I was no longer accountable nor had the authority to do that. Yet all our other services ran on this. How would you delineate? How would you do that? How would you do the right governance around that? The question needs to be addressed to do that.

Mr. Kelly McCauley: What happened to the other 42 CIOs?

Mr. Chris Molinski: When I was writing my notes here, I was going to talk a little about people being a bit scared or apprehensive about speaking truth to power, based on where they are in their career progression or what it might mean to their organization. I didn't put that in.

Mr. Kelly McCauley: Nail them into the boards.

Mr. Chris Molinski: That's only my personal feelings I put forward.

Mr. Kelly McCauley: We're probably running out of time.

I have a quick question, just getting back to procurement. Mr. Drouin talked about it before.

One of the things we heard before was why Shared Service wanted to keep the procurement. A big one was security, to make sure everyone was buying the right system, the right security, etc.

Could that be done under a centre of excellence outside of Shared Services?

Mr. Chris Molinski: I would think so. Obviously SSC could input into that based on what the process needed to be, but procurement could still be done through a centre of excellence.

Mr. Kelly McCauley: Perfect.

The Chair: Thanks, Mr. McCauley.

Mr. Kelly McCauley: That's mostly what I have.

The Chair: In that case, we'll go over to Monsieur Ayoub, for five minutes please.

[*Translation*]

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

I want to begin by thanking you, gentlemen, for being here in order to talk to us honestly and set the record straight. That's important.

At the same time, it is worrisome. Despite the good intentions, the results are a long time coming, and there has been no success at all. My concerns are multi-fold.

I would like to come back to the presentation or the will. You talk about costs.

[*English*]

Maybe I should wait a little bit.

Mr. Chris Molinski: Thank you.

Mr. Ramez Ayoub: Mr. Chair, are you going to spare me the time, a few seconds?

The Chair: I'll give you a few more seconds.

[*Translation*]

Mr. Ramez Ayoub: Thank you.

Mr. Kevin Radford: Thank you.

[*English*]

Mr. Chris Molinski: Thank you.

[*Translation*]

Mr. Ramez Ayoub: I wanted to understand the history.

When there is consolidation, plans are made, there is an objective and there are control measures. You already talked about this, but I really want to go a bit further.

I feel that there is a clear lack of communication. There was no accountability regarding the results, and all that was done to save money.

Could you explain to me how that planning came about and how people end up staying in an organization where years go by without concrete results?

[*English*]

Mr. Chris Molinski: Thank you very much for your question.

As I mentioned, in my view, there was minimal consultation on the creation of SSC. There had been lots and lots of discussion over the years about shared services. As I mentioned in my opening remarks, Transport Canada actually bought into shared services, but when we did it there was a detailed plan. There was a transition plan for employees. There were service levels identified. Albeit on a smaller scale, it was 1:1, but all those prerequisites were done in advance, including a complete cost structure of what was being transferred and what was going to be delivered in return. We were able to save 20% off a $10-million annual spend, which was good because I had fixed infrastructure costs.

In my view, that's the amount of planning that needs to be done up front. Build it and they will come, without understanding the details around it, is always a difficult one. The whole assessment is that these systems are needed. They are delivering what's required by the Government of Canada today, and they need to be maintained. When you look at it from a general perspective, if you have something existing and you need to move to something new and import the

stuff over to the new stuff, you need to maintain both. Therefore, extra resources are required to do that in the short term. We used to say the analogy at Transport was, you spend a dime to save a quarter. Upfront investment is required to set it up, to transition it, and then once it's there, you can turn off the old and then you can start reaping rewards through the effectiveness and efficiency of what you've delivered.

● (1620)

[*Translation*]

Mr. Ramez Ayoub: There were delays, success was lacking and those involved were unable to see where they were at. The Auditor General's report, which was submitted last year, mentions that the savings could not even be verified. What would you say the foregone savings are so far? What is the delay in terms of the plan? How can success be attained? In how many years will there be results that should have been achieved several years ago?

[*English*]

Mr. Chris Molinski: Based on what's happening today, I don't think we ever will. I think there needs to be direct intervention and a step back on SSC plans of what needs to be implemented, what the cost is to implement it, and the detailed information around to support that.

As I mentioned in my opening statement, the concepts were all right. People had the best intentions. I think that people at the senior level didn't understand some of the implications that we required at the departmental level to do this. The devil is always in the detail when you're delivering day-to-day operational production services.

I give Kevin and his team yeoman remarks for keeping the systems up and running and what they did through extraordinary means. Kevin hasn't mentioned this, but he was going through internal struggles with the transformation in SSC as well, where they were taking existing budgeting and moving it over to the SSC transformation side and the operations people didn't have access to it.

It's not a question of people's commitment; it's a question of the planning design and the expectations around what the investment is and what's to be accomplished when, how much, and what you will save in the future. That's why I firmly believe that SSC needs to take a step back. The transformation, it's just too much, too quick, and there's too much happening in departments to support all this. I dare say if that's not done, five years from now we'll be having the same conversation as we're having today.

[*Translation*]

Mr. Ramez Ayoub: My question is probably not easy. At the highest levels in all departments, do senior officials end up losing their motivation? They may think that the situation is impossible and that they will be unsuccessful. They still manage to show some results to protect their job and the investments they have made. Either way, they figure that, in two or three years, they will probably be transferred elsewhere, that someone else will take over and deal with the situation.

Is that sort of the dynamic within departments?

Mr. Kevin Radford: Is the question for me?

Actions speak louder than words. I won't be as frank as Chris, but there's a lot of talk about support for Shared Services Canada. From my perspective, if there was a lot of support in some of the management accountability frameworks over the last five years, which Chris spoke to, that departments were submitting in departmental plans, then in an enterprise approach to supporting Shared Services Canada and some of the initiatives that the government was trying to accomplish, there would have been detailed plans as part of those submissions, would there not?

I'm not sure if the committee is able, but if you were to go in and research each of those plans, how many examples would you find where an actual department had in their IT plan that they were going to consolidate resources in any of the new data centres?

I'm going to give you two examples where we did have plans.

The Chair: They can be very brief examples.

Mr. Kevin Radford: Okay.

I'm just trying to answer your question.

I've been with the Clerk of the Privy Council and I've heard him say we support Shared Services Canada and that enterprise approach. So people are saying they do. What's important is that central agencies provide the support to bring the community together so that we can have demonstrable action: this is our plan for 2016-17, 2017-18, 2018-19. As Chris said, that may need to be reworked, but there has to be a plan with results that we're tracking as we move forward.

The one small example—and I know we don't have a lot of time—is that we did move the CRA data centre, one of the largest production facilities, in the second year of our operation. Now it was a plan; it was well developed and it also included all the disaster recovery for Canada Border Services Agency. The talent is there and we accomplished it. I was responsible for that program and it went flawlessly.

● (1625)

Mr. Ramez Ayoub: Thank you.

The Chair: Colleagues, I know that now is the planned time for adjournment.

Mr. Whalen has just informed me that the next hour was supposed to be on the study plan for the Canada Post examination.

This was nothing further for you two gentlemen, but the government has not had enough time to examine the study plan that was set out and an hour may be a little bit more than is needed. If you wish, and I'm looking for the consensus from this committee, we can adjourn now and go into that study plan from Canada Post, which we had put aside about an hour for, or if the committee wishes, we could extend the invitation to these two gentlemen to stay for an extra 10 or 15 minutes.

It's up to you. The government, I think, desires to have the witnesses stay.

Mr. Masse, Mr. Blaney, Mr. McCauley, Mr. Weir.

Hon. Steven Blaney: If the government has more questions we can certainly support it, but on our side we're fine now.

The Chair: Okay.

Mr. Erin Weir: That's also fine with me.

The Chair: To stay for an extra 10 minutes?

Mr. Erin Weir: Sure, yes.

The Chair: All right.

We will stay for an extra 15 minutes, until 4:45.

Mr. Ayoub is finished.

Mr. Blaney, the next question is yours.

Hon. Steven Blaney: As I have indicated, if the government has some questions, that's fine, but on our side we're fine.

The Chair: The next one up would be Mr. Weir.

Mr. Erin Weir: I would similarly suggest that it would be fine if Mr. Radford wanted to use any or all of my three minutes to continue answering Mr. Ayoub's question.

Mr. Kevin Radford: Sure.

I think the question was around a senior level of support. Part of what Chris is talking about is an integrated planning regime among communities. I was going to get to the issue of trust. The way SSC was formed, it was difficult for us from a trust perspective. You can imagine: departments were losing money, losing people, losing resources, almost losing ownership of their operational elements. It became somewhat confrontational.

From a speed perspective, if you want to move faster because you believe this enterprise approach is the right way of doing business, which we all believe it is, somehow from a community perspective we need to build that trust. It can't be just the sole responsibility of those at Shared Services Canada. It has to be a very prioritized, wilful movement towards more enterprise approaches to systems.

Look at what Ontario is doing, or at what Northern Ireland is doing. It took them quite a bit of time to move forward, but the approach was slower and more paced. Clear results and outcomes were identified prior to making movement. I would just suggest a focus on rebuilding that trust and having demonstrable action around speed. In the end, I think that will bring the cost savings we are looking for as an organization.

The savings component is an issue of trust. We definitely leveraged the power of economies of scale to negotiate unprecedented rates, and competition to get a lowering of the price for very good equipment, to maximum advantage. The problem is that we assumed, for instance, that in some of the services, such as cellular telephony, the quantity would remain constant. We assumed that on what we inherited, let's say 20,000 smartphones, the queue would stay the same, the price would come down, we'd be able to leverage that service, get those savings, and invest that money in voice over IP or whatever investment initiatives. When the quantity went up to 80,000, it made it somewhat difficult and redundant, no matter how much better the price of the contract was.

I guess I remain very hopeful, but hope is not a strategy. I think what we need is a reset. I was here on Tuesday when deputy minister Ron Parker was here. He spoke to some of his plans and his intention to come back with a more fulsome strategy. I echo Chris's comments that the community should be brought into that strategy early, and it should be presented as an integrated approach and plan to uplift IT enablement across Canada.

This is a large nation and a wonderful nation. I served in the Canadian Forces for 20 years. I'm a big believer in the public service. I guess I would just say that we're a large country but we're small enough as an organization that we can work together and make this happen. I believe we have the leadership in place to do that, and the will; we just need the plan. We need it actioned and we need to follow it. We need to be somewhat flexible and agile with that plan when things come up, e.g., fires in Fort McMurray or cyber-attacks, but the most important thing is to re-establish that trust.

●(1630)

The Chair: Thank you very much.

Madam Shanahan, I have you next on my list.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): In fact, I'm fine.

Thank you very much for your testimony today, but I think Mr. Whalen has some questions.

Mr. Nick Whalen: Maybe I'm the last person with questions for you guys. I'm glad I extended it for a few minutes for my own sake.

Voices: Oh, oh!

Mr. Nick Whalen: Your recommendations were very interesting. I tried to take notes on some of them. I envisioned the teams that are there to support the existing systems.

Of course, in each department those existing systems are continually evolving to meet the new standards, criteria, and technologies that people are expecting to have. Then a whole team will also be in place for the new mode of operation and some type of communication between them to ensure that new systems as they come on board are going to meet the new standards and criteria that one envisions for the harmonized, consolidated services being provided.

Of course, as individual departments then transport over, we need a plan to transition those employees who had been operating on the legacy systems, assisting with their maintenance and also the day-to-day customer service, to then transition to the new systems. It's very complicated. There are a lot of moving parts here.

Layered over this is the notion that we want to be able to measure success. Our government is interested in evidence-based policy. We want to make sure that services are being delivered at a high quality, at a good value, and at a good cost.

Mr. Radford and Mr. Molinski, what types of service level and financial metrics would you guys envision we could use to measure success going forward? If we do find ourselves in this position in five years, we can be speaking about numbers, data, and results in a more qualitative way rather than about performance, which unfortunately doesn't necessarily lead to the best decision-making.

Mr. Chris Molinski: You can do some performance indicators, for example, cost of data centres and things along those lines, which are measurable based on the dollars. We need to drive down transactional costs, for example, volume on a wide area network. You drive the cost down and you measure per unit of cost. Over the years the number of units may go up because people are doing more, but the overall cost has gone down per unit. Those are the kinds of metrics that you need to establish up front: what does it cost the Government of Canada to delay; what kind of investment do we need to get to tomorrow; and what do we expect we'll be paying in the future?

As Kevin indicated, hardware costs are going down continuously already; cell costs are going down. Government has done a wonderful job of negotiating enterprise agreements for some of these things, for software as well. Lots of good work has been done doing that.

The message is, it's not always about cost. Cost tends to drive people down to the lowest common denominator. Sometimes you need to pay to get a value-added service for what you're delivering. On infrastructure, for example, can you drive down the cost because you need to maintain what systems need to do? Sometimes systems aren't the cheapest because they deliver things that you have to invest in to make that happen. There's always that trade-off.

The issue is you develop your performance indicators up front, and you measure against them. It's not just low cost, because overall, when you measure it from an end perspective, it needs to be best value. Inherently, from a business case perspective, you look at 45 departments delivering their individual things or one corporate enterprise that's bringing all that together. Inherently, the one corporate enterprise makes perfect sense, but you need to put the right governance around it, and there are indicators of how you manage that and measure that to move it forward.

Mr. Nick Whalen: Mr. Radford, under your tenure, how far along the road did the department get in developing some of these metrics that we could use?

●(1635)

Mr. Kevin Radford: How far along did we get under my tenure? We focused on incident management and supporting problem management in that space.

If I could get away from the traditional cost per terabyte, etc., and a pricing strategy—and I'm going to leverage where I am now, and as the committee knows, I look after all federal infrastructure across the country—I think there is an opportunity here to look at the workspace, and technology, and the environment, and greening, and at some of the outcomes we want around alternative working arrangements, and mobility, and people being able to work from any place, anytime, anywhere. Chris mentioned some of the success they had with this at Transport Canada.

I would try to measure success against those types of parameters. How much workspace is available that's collaborative, that allows any public servant or official to go into a space, work collaboratively, hook up a VPN into a Wi-Fi system, be available in the cloud, and be operational, whether they're a police officer or an inspector who is in the middle of a farmer's field and they need to pass information back and forth; I would really encourage measuring the go-forward position for those kinds of things.

Another example could be alternative working arrangements and teleworking. Right now when we build workspace for individuals in the public service, we look at one-to-one ratios. Many of you who visit our departments know that as you walk down the hallways, there are lots of empty spaces and under-utilized space, because that's just the way we do it today. Imagine more of a place where we can reduce GHG and the 40% of GHG associated with infrastructure simply by reducing the footprint, while also allowing that mobility and flexibility so that someone who is coming from Kanata into the downtown core and hits a traffic jam can pull off and move to the Carling campus and work from there and be mobile and free. I think those are the kinds of things.

The traditional IT way of doing it is around a service catalogue, around clear service levels, around how many outages you have. That's another way of doing it. I believe Shared Services Canada has made quite a significant movement in that space, but I'm not sure about the maturity level now. I've been out of there for about nine months.

The Chair: Gentlemen, on behalf of the committee, I want to thank you so much for your presentations. As I mentioned, your candour at the outset was very much appreciated by this committee, and I think it's going to help our committee very much in our ongoing study of Shared Services, and whether or not they will be able to meet their objectives as set out by this government.

You are excused.

We will suspend for about two or three minutes and come back to do committee business.

[*Proceedings continue in camera*]