New Models of Collaboration
A Guide for Managers

Ontario Business Connect «OBC»

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Abstract

As part of the research endeavor « New Models of Collaboration for Public Service Delivery », selected projects have been studied in order to analyze the modes of collaboration adopted, the management frameworks used, and the critical success factors. «OBC», initiated in 1994 by the Ontario Government, was one of the innovative projects selected for this research study. This report describes the electronic service delivery project, especially its innovative partnership with the business community, ministries and federal and municipal governmental agencies as well as non profit organizations dedicated to services to businesses. This case study was conducted and written in 2001 by Hélène Sicotte, Ph.D., professor at the University of Quebec at Montreal.

The Project Context

OBC was triggered by the Ontario government’s concern with simplifying its relationships with businesses and with improving its response time to registration requests. The ultimate goal was to make Ontario the preferred jurisdiction, at the national and international level, for creating and opening a new business. This strategy, which was initiated 10 years ago, is part of a larger strategy of e-government leadership, with a 2003 deadline (CCIO Internet, 2001).

Historical context

In the beginning of the 1990s, Ontario was hit by the departure of its major manufacturers due to the North American Free Trade Agreement, as well as massive lay-offs in heavy industry. Under these circumstances, it seemed that opportunity for job creation was limited to small business. However, the NPD government had, at the time, built a poor reputation with businesses. The main complaint was that nothing was done to ease government red tape requirements for creating and managing a business.

The Minister of Economic Development and Business, together with the Finance Minister and the Minister of Employment, appointed a study group to evaluate the possibility of a systematic response to the problems encountered by businesses in their relationships with the different levels of government and governmental programs. For example, to open a hotel, one needed to obtain 26 permits from eight provincial ministries, a federal ministry, and a municipality. The study led to the conclusion that the emergence of the new information technologies (IT) could bring significant change in the delivery of services. “Clearing the Path”, the ancestor of OBC, was created. In addition, legislators passed legislation reforming the law regulating businesses.

In 1993, leaders of the study group recommended the appointment of a permanent team with dedicated resources and in 1994, OBC was born. OBC originated from a few visionaries (that nobody understood) who reflected on what the internal features (across ministries and inter ministries) and external features (services coupled with private vendors) of the integrated service deliveries to businesses could look like. Its funding
came directly from the Management Board Secretariat and from the provincial cabinet. In 1997, OBC was recognized as a long-term initiative, financed by venture capital (an additional $8 million), to achieve government strategic goals regarding the transformation of public service delivery in Ontario.

In 1998, the staff of OBC, borrowed from different government offices, became permanent. Simultaneously, the Ontario government adopted its service delivery strategy (Ontario, 1998) and assigned all questions related to the business world and government relationships to OBC. In 1999, $40 million over a five-year period were dedicated to it.

The Division of Commercial Affairs within the Ministry of Consumption and Consumer Relations, which became the Ministry of Consumer and Business Services, was chosen to sponsor the project team because of its reputation of extraordinary achievements. Nonetheless, the team stayed secluded in its offices, sheltered from the normal procedures of the “ministerial machine” as well as from the community of services delivery, until the summer of 2001.

The first operational mandate of OBC was to make the process of opening a new business easier. In 1994, OBC installed the first interactive units (self-help electronic workstations), mainly in small municipalities, to test its features on a small scale. By August 1997, 64 workstations in 57 sites were installed in the province. The sites consisted primarily of organizations related to economic development: chambers of commerce and local, provincial and federal bureaus. In 1999, the interactive units dealt with 60 percent of the registrations in the province (ONCE, 2000). There are currently 148 workstations. The Internet site, available since November 1996, allows searching and downloading forms, but not registering.

In September 1997, negotiations were initiated with potential private wholesalers in order to achieve value added service delivery in 2000. There are currently three accredited wholesalers that meet the service delivery quality standards required by OBC. These standards are crucial for the customer and the press, who wonder about the price and quality of services offered by the larger sector of “government information providers.” (Lewychyj, 1998).

In January 1999, the cost of registration via a workstation went from $70 to $60 and the cost of registration renewal went from $10 to $8 while registration by mail went from $70 to $80 and from $10 to $12. This was an incentive of the Ministry of Consumption and Commerce to encourage the use of workstations which are considered more efficient and faster (The Spectator, 1998).

In 2000, a link via MQ series applications from IBM allowed the federal government to offer additional services via the workstations: the registration of business names and issuance of matriculation numbers.

Another service recently offered allows businesses to receive by e-mail hyperlinks of sites that have been recently updated and that may be of interest to them. To benefit from
this service, businesses need to fill out a form identifying their profile and interests in “MyBIS” on the OBC Web site. The hidden technological aspect of this service is the development of applications that make possible the signaling of any modification to a government partner’s Web site, as well as its indexing.

The Strategic Context

In the early 1990s, the Ontario government was criticized for being anti-business. Economic growth was slow, and recovery was only thought possible through the creation of small businesses (in order to replace the losses of the severely hit heavy industry) but required very time-consuming and complex administrative procedures. There was a general feeling that job creation, which would have to come from small and medium enterprises, should not be hampered by government red tape. The vision that the Ontario government developed in the 1990s for the next generation of service delivery can be summarized as follows:

- To provide a secure two-way access that protects data integrity between the government programs and the business clients;
- To allow complete freedom of choice to the citizen-client (access, time, product/service and information);
- To encourage products/services updates in a competitive environment in order to reduce costs to businesses;
- And, to use a network technology opened to the choice of channels and available at any hour through the government and the services delivery community.

In this context, the client will be able to choose his or her exchange options with the government, control transaction status, and expect efficient service. The services delivery partners will be able to act on behalf of their client and be paid by them; to identify their niches and service offers; and to be certified by the government for the quality of their services.

The right time had come for technology to support the tremendous changes in service delivery. What was left was to apply a framework around its evolution and development in order to align it with the government strategy for the future. Most importantly, legal and functional barriers limiting the exchange of data between the different ministries and between the ministries and a third of the public domain responsible for integrating this data and making it available to businesses had to be removed. For this reason, at the same time that OBC was taking form, a study group started working on drafting legislation on the reform of the law regulating businesses, without which OBC could never have moved forward. The two groups benefited from strong support at the highest levels from which they directly depended without having to report to any program or ministry.

Another rarely noticed facilitating element concerns the attitude of Ontario citizens who have a vision of the private enterprise as a partner in public affairs. They are less concerned by potential conflicts of interest that can be created by, for example, the
placement of a business sponsor’s advertisement board in the hallway of a public agency. This positive and open attitude allows OBC to further explore the involvement of public, private and Non Governmental Organization (NGO) partners in the business architecture of government services delivery.

**The legal and policy context**

The original and crucial element in this case is the law reforming the regulation of businesses mentioned earlier in the study. The law, sanctioned on December 9, 1994, is still current and unique. It simplifies some processes and regulations, such as the mandatory requirement of hard copies and original signatures on forms. The law gives full power to organizations like OBC to force ministries and governmental agencies to deliver their processes in the desired form in order to be more open and compatible. OBC did not yet use this “stick” but recognized that the law helped lift many barriers.

A legal counselor from the Ministry of Consumption and Trade Relations assisted the OBC team during the conception and first phases of the project. The legal counselor is still readily available. It is widely acknowledged that this involvement allowed the creation of legislation well adapted to the strategies of e-government. It facilitated the understanding of the initiative objectives and consequently of the present and future legal needs. Another result of this relationship was that members of the OBC became more attentive to the legislative aspects in the short term and laws in the long term, which influenced their conception of the structures and relations to be developed.

**The Project**

**The Mandate and the Deliverables**

The initial objective of the OBC was to make the procedures required to start a new business easier for entrepreneurs. In the long term, the objective was to facilitate the relations between businesses and government.

Within the framework of Ontario government’s e-gov vision, the fundamental role of OBC consists of the following: (1) to monitor and develop a vision of strategies and technologies adequate for electronic service delivery; and (2) to operationalize practical steps for the improvement of the relation businesses-government (B to G). These two roles are based on an implementation approach based on relational management.

The programs currently offered electronically (from the beginning) are:

- Registration of a business name (Ministry of Consumption and Trade) through search, registration and renewal.
- Commercial license (Ministry of Consumption and Trade) for phase 1 of the certificate
- Registration for a sales tax matriculation (Ministry of Finance)
• Registration for the employer health tax (Ministry of Finance)
• Registration with the Workplace Safety and Insurance Board

This implementation required an analysis and re-engineering of the processes of the five programs in order to provide an application that allowed capturing the client information, validating it, and forwarding the specifically required information to the different programs. For the client, the result is a user-friendly interface that makes transparent the diverse perspectives and processes of the target organizations where data are forwarded. As early as the summer of 2000, a partnership with the Agency of Customs and Revenue of Canada offered the issuance of the federal business number.

In the short term, OBC will continue to broaden the range of transactions and information it offers while increasing the number of sites and the hours of service, and improving the Internet site. Links need to be created and processes need to be unified for an increasing number of the 100 programs related to businesses. The five programs currently offered through the workstations are considered to be a starting point which will demonstrate the viability of the project and test the systems and agreements with the private partners. However, this minimal basis would be insufficient to ensure the viability of the approach to the partners.

In the long term, all transactions between government and businesses will be targeted, not only the registrations and renewals but also reporting activities and transfer of funds. The Committee of Deputies in Charge of Public Administration Re-engineering charged OBC with creating an interdepartmental work team to study the barriers and problems that needed to be solved in order to start the transactional activities of reporting and transfer of funds.

A master business license will be issued under the direction of the cabinet. The license will gather all critical business information and will prevent businesses from having to provide the same information repeatedly. Eventually, it will replace several permits, licenses or certificates currently used. For this to happen, the idea of a master permit will have to first be accepted by businesses and the different governmental levels. Then effective rules of information dissemination to the different organizations will have to be finalized. In a parallel effort, the design of the business registry directory is currently being developed. It will contain database information about the businesses as well as their relationships with government and current links with the programs. Security remains an important issue. It is approached from a technical, as well as institutional, legal, organizational, and cultural point of view.

The Management Framework

Responsibility for each department’s public service delivery reengineering project falls under the respective Minister or Deputy Minister (DM). However, a Deputy Ministerial Steering Committee at the sub-ministerial level oversees all projects. The committee has the support of the Public Services Reengineering Bureau. OBC is considered a major
project. Representation in this committee allows OBC to be aware of any innovative
project or any relationship that could be developed.

The ministerial steering committee supervises the governing modes and major initiatives
of OBC. Representatives of all ministries interested in the issue of government-business
relationships can participate.

In order to stay in touch with the business clients community, OBC appointed a Business
Advisory Group, composed of representatives from the business associations, industry
leaders and municipalities.

As a crucial element of OBC’s mission is the creation and sustainability of partnerships,
OBC leaders have developed standard agreement methods and tools that can be adapted
to each situation and all partners: federal and provincial programs, IT internal providers,
external providers, wholesalers and retailers. Basic principles or letters of intention are
drafted in an attempt to understand and adopt the needs and values of the partners. This
process is executed rapidly. An agreement is then formalized on the joint development of
the business process and its implementation. Details are worked out for its
operationalization, which leads to the definition of performance standards, agreements on
service levels, roles, and responsibilities. Currently, the preferred mode of agreement in
government is the MOU (Memorandum of Understanding), which often requires
signatures from several levels or more formally, letters of intent. Regarding relations
with private partners, responsibilities, and conditions are usually defined through licenses
and agreements on business relations. Relations with providers of products and services
are more standard, consisting of RFPs (Request for Proposals) often based on proof of
concept. However, RFPs are restricted to accredited providers.

When a more important problem comes up, which has happened two or three times, a
consulting company is used to facilitate the negotiations towards an acceptable
agreement. This recourse is also considered to be profitable from a political point of
view.

Thirteen of the 34 people on the team are dedicated to the conception and management of
the relationships infrastructure.

The Partners

The key stakeholders of OBC are as follows: the community of government process
integrators (those responsible for integrating the Ontario government service delivery);
the program administrators (mainly the provincial and federal ministries); the community
of service delivery partners (private distributors and retailers, partners hosting the
interactive workshops, or dedicated stations); the businesses and entrepreneurs
themselves; and finally, the political sponsors.
The proposed interaction model of the different stakeholders with the business community is illustrated in Figure 1. The only missing stakeholders are the providers that assist OBC in developing the appropriate technologies for its mandate and those that support its management change efforts.

At the top of Figure 1 are the governmental programs responsible for the policies and information, their processes, obligations, and benefits. Eligibility, specific information of requesters, and databases are all managed at the programs level. The public services manager, in this case OBC, oversees the distributor who acts as middleman between the market of service delivery to the client and the processes and government programs. The distributor updates the registry of Ontario businesses (medium term project), provides authentication, security and transactions services, and keeps a record of all transactions. In addition to being responsible for the distributor, the manager establishes policies and service delivery standards, maintains the business architecture with a responsibility flow chart and develops new delivery systems. The private wholesalers provide retailers with computer systems and applications that allow a variety of value-added products and services of government information for targeted clients. The retailers offer a variety of public and private services to their customers via different distribution channels.

**Figure 1 Business Architecture, OBC (1997)**

The concept may seem relatively simple, but its operationalization is quite complex. Most of the necessary technologies are in operation in the private sector. Moreover, the service delivery can be changed without affecting the ministries’ current systems thanks to intermediary applications. However, the technological solutions required must be deployed on a larger scale than ever before. In addition, the government must learn to
become a partner of the private sector, each side must clearly define its expectations and commitments.

**OBC**

The success of OBC is mainly due to the people that make up its project team. They are managers who previously worked for the different ministries and are still quite familiar with them. Their knowledge of the problems and needs of the programs gives them a certain legitimacy with their public-sector colleagues. In addition, their proactivity helped them gain the respect of the private partners who consider them “less worse than the rest of the government.” The leader of OBC chose a few people for his team, but many were appointed in order to assure continuity or discrete constraint measures. However, the synergy was such that these people became radically in favor of the objectives of OBC.

A large part of the duties of senior members of OBC consists of communicating the objectives, goals, and conceptual framework of the project, as well as being attentive to the needs and business objectives of the specific programs and private partners. Senior Ontario public administrators recognize that OBC people have the strong analytical skills necessary for the creation of a vision and to the establishment of win-win scenarios which together with solid communication and team building skills lead to a strong collaboration environment. In addition, without the technological experience and understanding of the public and private business processes, the development of the delivery architecture could not have taken place.

The OBC team is made up of 34 people appointed on a permanent basis. Nevertheless, there is a constant turnover of personnel depending on the phases and needs of the project. The team’s main functions consist of the management of relations with the private sector and the other public organizations, the private providers, the internal technology providers, and the program managers. The team also has oversees the technical development necessary for secure functions, intermediary systems, and applications usable online that are financed by the OBC budget.

**The Public Partners**

The public partners are involved at both ends of the service delivery process: in the creation of policies and programs for businesses and in direct contact with these same businesses. Also to be mentioned are the different IT services that ensure the development and especially the maintenance of the government information systems. The speed of change of applications and processes depends on them because they are repositories and keepers of often old but very useful systems of the ministries and agencies. As each partner plays a different role, they have different expectations and resistance which OBC must understand.
The Government

“Think big, start small, scale fast” is the first motto on the Internet site of the CIO’s office (CCIO Internet, 2001) regarding electronic services delivery. Since June 2000, the Ontario government approved speeding the implementation of the Electronic Service Delivery strategy (ESD). The ESD vision is to improve the quality of public service delivery through Internet solutions that focus on the client, and are accessible and cost efficient. The goal is to increase the satisfaction of Ontario citizens regarding government services by becoming a world leader in electronic service delivery. Despite OBC leaders’ reputation of being dreamers oriented toward conceptualization, the team’s role has become crucial in the achievement of this mission and it is now granted the room it needs to operate. OBC managed to convince the high administration and political spheres that it is not possible to put this vision in place without first giving the power to implement new service delivery methods to a group composed of all stakeholders in the community, including the market forces.

The Internal IT Providers

The ministries and government agencies’ IT services are full partners at OBC. Without them, promising high tech firms’ developments would go unheeded. It is crucial that the innovations developed within OBC are operated and maintained by people from the government IT shops. However, the loss of public sector IT experts to the private sector slowed the implementations.

The Programs

Fifty to 60 provincial programs directly affect the Ontario business community. Targeting those, OBC created a repertory of program rules that will be available to wholesalers who will then be able to provide them under different formulas. The program managers are open to these new forms of delivery but wish to stay in control of the policies, processes, and information, as they are entirely accountable for them.

Changes in the service delivery and their impact on internal processes had to be well understood on both parts in order to avoid potentially dangerous misunderstanding. For example, the collaboration with the Commission of Workplace Safety and Insurance Board (WSIB), although one of the first programs offered by the workstations, encountered difficulties during 2001 because of a lack of understanding of the services delivered by OBC. For more than two years, entrepreneurs that registered using OBC workstations believed, in good faith, that they were registering with WSIB. OBC also thought registration with WSIB was done since the new business data were transmitted to the Commission. However, WSIB let the information fall “between two processes” without follow-up realizing only much later that potential clients did not take the additional steps necessary to legalize their situation with the Commission. Protests from businesses of which the Commission demanded arrears and fines were what triggered the alarm. Trust and agreement were restored after stormy discussions.
The Service Delivery Community

The Wholesalers

OBC currently recognizes three wholesalers that offer additional value-added services for requests and registrations already available through OBC. The wholesalers are currently limited in their services because of the portfolio of transactions offered by OBC, which hinders the profitability of being a partner in this project. The wholesalers come from sectors that already offer information and services to businesses dealing with the government. They have the financial and technical capacities to develop the necessary IT applications and links to OBC and its retailers. One wholesaler was eliminated (or eliminated itself) because of its inability to meet the service quality standards. Actually it was mostly because it could not invest anymore without a sufficient return on investment. This wholesaler was a small one.

The Retailers and Organizations Hosting the Interactive Workstations

Several municipalities, governmental agencies and libraries host interactive workstations, and the possibility of integrating related transactions or to coordinate services is under study.

Currently at least one local NPO which offered OBC services, Enterprise Toronto, became a retailer for one of the wholesalers, Dye & Durham. The objective was to make the service profitable. Although the service was exactly aligned with the organization’s mission, it became demanding in terms of resources required to dedicate in order to maintain the same quality of service. Indeed, the workstations increased the services of their four centers and the manager had to reflect on how to follow-up on this growth without jeopardizing his budget. The workstations are designed to be user-friendly. However, for certain clients, like the immigrant entrepreneurs who don’t have a good grasp of the language, assistance from the center’s employees is absolutely necessary and is more time consuming compared with the usual paper registration. The solution envisioned added a lump sum to the government price (for example, it costs $60 to do a name search and they could have charged $75 and put the extra $15 in their program). However, OBC, as a public organization, excluded this possibility which could have made citizens feel that it was a tax on a tax. OBC was nevertheless open to the idea of Entreprise Ontario becoming a retailer for the private enterprise. Enterprise Ontario was the first organization to wear two hats. The organization signed a MOU with OBC, which provides the workstations, the technology, and the back office operation. It also signed a contract with Dye & Durham, which provides the Internet access and the support software for the transactions and all the connected services. This initiative is considered to be a “test-drive” and can be re-evaluated, but for now, the two partners seem satisfied with it.
The providers: IT and others

In order to speed up the development process, OBC acquired a list of accredited providers who had to prove that they have the skills and abilities required. Once accredited, a company can respond to an RFP in very little time and with limited competitors.

Each IT project initiation goes first through discussion groups composed of private companies which are usually competitive (but complementary in this case) and government computer services people who together design solutions to the problems put forth by the OBC team. OBC’ s main strength is its ability to convey the interest that this kind of collaboration provides.

The Collaboration

According to the conception of OBC managers, their mandate necessitates the establishment of winning collaboration with the businesses and their stakeholders. A major part of the activities of OBC senior members is related to the establishment of collaboration processes and tools to frame and develop it. No architecture plan, no IT development or new processes drafts are done without consulting all stakeholders. OBC’s story is the story of an incessant quest toward public-private collaboration.

Technology

![IT Architecture](Once, 1999)
OBC had to explore technologies related to the Internet, private networks, and mainframe applications, as well as middleware applications. Indeed, most of the ministries programs use mainframe computers that could not be replaced. The workstations are administered through a private network, although it is planned to provide all transactions on the Internet. Middleware applications are necessary to exchange information between two ends: the programs and the clients or retailers. OBC’s development efforts rest mostly on these applications. The integration capacity of service components in the infrastructure allows bringing the programs’ business rules to OBC clearinghouse, making them more transparent and giving the opportunity to wholesalers and retailers to combine their service offers. This also renders the business community’s service requests and other programs easier while facilitating interaction and transactions.

The two characteristics deemed most important are the isolation of the programs that change the speed of customer and delivery channels as well as the establishment of interconnection standards that allow direct access to the client, and the interoperability between jurisdictions, clients, and value-added services of the private sector.

Technology is not yet capable of supporting the type of exchange --security and transparency-- that OBC service vision requires, but a light and efficient development infrastructure has been put in place and seems able to deliver solutions that will lead to the achievement of OBC’s mandate.

**Performance**

Most stakeholders recognize the value of the conceptual, organizational, strategic, and technological developments that OBC undertook. Their scope, complexity, or delays are not always well understood, but because trust has developed, OBC is allowed to move forward.

**Performance and Collaboration**

Private partners are very disappointed by the slow implementation of new functions and transactions for the client. However, they are satisfied with the collaboration although there have been several conflicts, one of which led to the threat of a lawsuit. Those who are financially secure are still waiting.

OBC believes it understands the expectations of workstation-hosting organizations hosting the workstations and is able to meet them. However, these organizations feel that they are little consulted and are being imposed ways of doing things as if they were any ministry. For the manager of Enterprise Toronto, a local organization that acts as a workstation host and a retailer for a wholesaler, it is clear that the OBC system simplifies procedures required of entrepreneurs. In addition, since they became authorized depositories, these organizations can offer their assistance services to entrepreneurs (free and for a fee) which provides them with an incredible visibility. After initial problems of
speed, the workstations and Web site are working well and provide the expected services. However, an interface which is more user-friendly is envisioned.

OBC’s originality in terms of partnership does not come so much from the selection of its IT and consulting partners (although for development companies there is an accreditation list which replicates, in terms of process, the one from the provincial government and allows them to considerably restrain and accelerate contract attributions) but from the role OBC assigns to private organizations and NPOs in the service delivery process.

**Project Impacts**

The time required to do a business name search, which was initially four weeks, is now five minutes, while the time to register a name shrunk from eight weeks to 20 minutes. This gain is especially beneficial for future businesses. Regarding the business name, a renewal is required after five years. However, it is estimated that about 12,500 businesses do not follow this rule. It will be a benefit to the Government when OBC starts sending reminding letters. Other new sources of revenue are expected, such as the sale of non-confidential information by the government.

A survey conducted with users (clients-citizens) in 1999 revealed a very high overall satisfaction rate (95 percent). However, the way in which the survey was administered was not explained and the survey was not given to non-users and people who started but did not go through the process. The survey revealed that people appreciate the possibility of filling out forms online because they are more accessible and time-efficient. However, the interfaces need to be improved to make them more user-friendly. A survey question also revealed that respondents are divided regarding the advantage of using these services through a private company.

The results are very good at the conceptual and logistical level, but the implementation is more complicated, especially at the interorganizational level. The learning curve is very steep and the implementation results are less than excellent. OBC does not implement as much as it could, because of the need for an infrastructure that will take time to build. The current conclusion of government leaders is that OBC successfully delivered the IT structure for the services centers, but since then it offers nothing further. Several IT developments are currently being considered to establish links with ministries’ systems. However, results must be shown in the next few months. Otherwise, the current functioning mode could be put in question.

Beyond these crucial elements, the most important goal is to make the Ontario government the electronic administration best connected to its citizens. By recognizing that the design and conceptualization of a real integrated service-delivery architecture requires a long term investment, the Ontario government is finally taking the lead over other administrations on this journey without seeking the involvement of all the stakeholders in the community, public as well as private.
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