IM/IT Cost Savings Strategy

Federal Government of Canada

Protected A

Ministerial Briefing - June 2025

Executive Summary



Significant & pragramatic spending approach through strategic digital transformation through optimizing the usage of existing under-uilized tools available to every civil servant via existing licensing (mainly M365) and other applications.

(based real models/esrtimates)

- License Optimization: \$200M+ by fully leveraging existing E3/E5 capabilities
- SaaS-First Approach: \$500M+ eliminating custom development waste
- Security Consolidation: \$50M+ through centralized assessments
- Infrastructure Rightsizing: \$100M+ via SSC optimization

Service Delivery: 60-80% faster, standardized across government

The ArriveCAN Lesson



How We Failed

- Simple app functionality achievable with existing Power Apps
- Built with expensive consultants instead of citizen developers

- No deliverable accountability or milestone framework
- 18% of invoices lacked supporting documentation

The Solution (that was feasible at the time): Leverage existing Microsoft E3/E5 licenses we already pay for to leverage tools such as Power Apps, CRM's, and Web/Mobile App builder's already available as part of our Office 365 licensing instead of a fully built from scratch custom app.

Massive License Underutilization



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We're Paying for Premium, Using Basic

Current Reality: 30% utilization of E3/E5 capabilities **Government Cost**: 36–57/user/month per license

Unused Capabilities We Already Own:

- Power Apps (custom application development)
- Power Automate (workflow automation)
- · Power BI (analytics and reporting)
- Advanced security and compliance tools

Impact: Paying consultants \$1,000+/day for solutions our staff could build

SaaS-First vs Custom Development



End the "Time & Materials" Waste

Current Problem:

- Building custom apps when SaaS solutions exist
- No standardization across 43 departments
- Predictable cost overruns and scope creep

SaaS-First Solution:

- Predictable Pricing: Fixed monthly costs, no surprises
- Speed: Weeks instead of years to deploy

· Quality: Microsoft-managed updates and security

Security Assessment Redundancy

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Same Platform, 43 Different Reviews

Current Waste:

- · Each department separately assesses identical platforms
- 6-12 month cycles for pre-approved solutions
- · Millions in redundant security reviews

Central Assessment Framework:

- Single government-wide security approval
- 30-day deployment for pre-approved platforms
- · Focus reviews on data, not platform re-assessment

Accountability Framework

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From ArriveCAN Chaos to Deliverable-Based Success

New Procurement Model:

- Payment tied to working software, not hours logged
- 30–60–90 day milestone deliverables
- Federal employee project sponsors (not contractors)
- User acceptance testing required for payment

SaaS Advantage: Built-in accountability with transparent costs

Implementation Roadmap



Quick Wins (0-6 months):

- · License audit and capability assessment
- Power Platform pilots for 5 simple applications
- Central security assessment repository

Systematic Change (6–18 months):

- SaaS-first policy mandate
- Citizen developer training programs
- Deliverable-based contracting standards

Full Optimization (18–36 months):

- Cross-department platform standardization
- Legacy system modernization
- Al-powered citizen service automation

Risk Management

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Protecting Mission-Critical Systems

Legacy System Strategy:

- · Phased migration with parallel operations
- Start with non-critical applications
- Comprehensive rollback procedures
- Zero-downtime strategies using API gateways

Business Continuity: Maintain legacy expertise during transition

AI & Automation Benefits

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Transform Citizen Services

(Example) Power Platform Al Capabilities:

- Chatbots: 80% of routine inquiries automated
- Document Processing: 90% reduction in manual data entry

Predictive Analytics: Anticipate service demand

ROI: 24/7 service availability, 30–40% administrative time savings

Portfolio Governance

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Mandatory Bi-Annual Review Consortium

Project Approval Gateway (>\$1M projects):

- Justify why existing E3/E5 capabilities insufficient
- Demonstrate inter-departmental collaboration
- Document SaaS alternatives evaluation
- Quantify citizen service improvements

Accountability: Public dashboard tracking digital transformation progress

Next Steps & Ministerial Commitment

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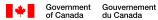
Immediate Actions (30 Days):

- 1. Establish comprehensive digital-first policy
- 2. Launch 30-day IT portfolio audit (>\$500K projects)
- 3. Form bi-annual review governance structure
- 4. Select 5 departments for Power Platform pilots

Success Metrics:

- \$2B annual savings within 24 months
- 80% faster citizen service delivery
- Zero major procurement scandals
- 90% cross-agency employee mobility improvement

Bottom Line



We Own the Tools - Let's Use Them

Stop paying millions for custom solutions when we already own world-class platforms. The ArriveCAN scandal was preventable through proper license utilization and accountable procurement.

Minister's Decision Required: Approve digital-first mandate and portfolio governance framework to unlock \$2B+ in taxpayer savings.