



INFORMATION TECHNOLOGY
ASSOCIATION OF CANADA



ASSOCIATION CANADIENNE
DE LA TECHNOLOGIE DE L'INFORMATION

ITAC Industry Insider Newsletter

October 12, 2018

Helping Canadian Innovators, Firms and Government Capitalize on the \$3.5 Trillion Global Govtech Market: Establishing a Government Innovation Hub in Canada

This morning (Friday, October 12, 2018), members of ITAC joined Bayview Yards executives to share their ideas, feedback and recommendations on a new existing proposal that aims to: help Canadian innovators and entrepreneurs capitalize on a \$3.5 trillion global market opportunity; and facilitate the development and adoption of new digital innovations and solutions across the public service, helping to increase the productivity and impact of government for citizens.

This new “govtech” innovation hub, which is founded on public-private partnership, would establish a global centre of excellence for digital government and transformation that:

- Facilitates national **government, industry and academia** collaboration on key digital challenges
- **Leverages some of Canada’s greatest innovation resources, capabilities and organizations** and puts these capabilities to work in govtech; these include Canadian networks and centres of expertise; national innovation infrastructure (including advanced networks); incubators and accelerators, colleges and universities; research labs; and other innovation-based organizations.
- Helps to **address key gaps within existing government innovation and procurement programs**, and builds an even more robust pipeline for complementary public-sector programs such as Innovative Solutions Canada (ISC) and the Build in Canada Innovation Program (BCIP)
- **Executes programming on behalf of Canada** nationally and internationally (orchestrated with provinces) and develops a global network of partnerships to catalyze growth and prosperity.
- Enables **experimentation, co-creation, testing and validation of new digital solutions**, services and applications with Canadian innovators, entrepreneurs, SMEs and multinationals; and
- Accelerates the **commercialization and adoption of new digital solutions** that increase the productivity and impact of government services on citizens served.

Today’s presentation provides ITAC and its members with the opportunity to help shape the vision, objectives and approach; and contribute ideas through a facilitated dialogue with fellow leaders from government, industry and academia.

Today’s feedback will also help ITAC to develop a full proposal for the 2019 federal budget cycle in the weeks ahead. More importantly, it will help us to realize our shared objectives, define a compelling value proposition, and achieve the desired impact for industry, academia and government.

What is govtech? Govtech is the technology infrastructure that government departments use to conduct their internal work or deliver services to their customers – Canadian citizens.

The Global Market Opportunity: As noted in *Government Productivity – Unlocking the \$3.5 Trillion Opportunity* by [McKinsey](#), government expenditure amounted to 34 per cent of global GDP—or a total of \$35 trillion in 2015. This Report emphasizes that several countries have achieved dramatic productivity improvements in recent years—for example, by raising health-care outcomes without increasing spending per capita or boosting education attainment with little or no additional spending per student. If other countries were to match the improvements already made, the world’s governments could potentially save as much as \$3.5 trillion a year by 2021—equivalent to the entire global fiscal gap. This represents a significant opportunity for Canadian entrepreneurs and firms.

Key Challenge: It is well recognized that the government procurement process for IT products and services are riddled with barriers that limit SME engagement and participation, slow deployments, dampen innovation, limit talent development and increase cost for government and industry alike.

Value Proposition: All levels of government have committed to address these challenges, create new procurement opportunities for Canadian SMEs, and adopt digital solutions that achieve greater productivity and impact. It is critical to establish a nationally coordinated public-private initiative that:

- Creates simple, seamless and productive ways for Canadian innovators, entrepreneurs and firms to exploit the \$3.5 Trillion global govtech market opportunity;
- Provides tangible ways for government to deliver on key objectives, mandates, and priorities, and address grand challenges in area such as healthcare, education, public safety, smart cities and transportation with solutions that reduce cost and increase impact on citizens;
- Establishes a physical and virtual centre for training, thought leadership, and advanced technology partnerships that promotes diversity and inclusion;
- Creates a secure environment for government, industry and academia to experiment, develop, test and validate digital solutions on public sector infrastructure and platforms (reducing risk); and
- Helps to build modern digital municipal, provincial and federal governments.

Highly differentiated from existing government procurement and innovation programs, this hub will:

- Be driven by the needs of the public service and citizens (technology pull not push);
- Enable the co-creation and piloting of new technologies as part of the procurement process;
- Create mutually beneficial opportunities to develop and leverage digital talent;
- Incubate and facilitate collaboration with start-ups, micro-firms and SMEs that aim to develop and supply govtech solutions; and
- Create a highly productive virtual connection point for Canadian businesses who wish to develop solutions to address public sector challenges around the globe.

Outcomes and Impact: The proposed global govtech innovation hub, and the emerging public-private technology partnerships and projects, would fuel the development and adoption of impactful made-in-Canada digital solutions around the world. This would increase the competitiveness of Canadian entrepreneurs, firms and government, and create new opportunity in the global govtech market. Although Bayview Yards and ITAC are undertaking a preliminary impact assessment, this global govtech hub would catalyze Canada’s leadership in, and contribution to, the global govtech economy by:

- Enabling the development, validation and commercialization of new govtech solutions that can be exported around the world;
- Catalyzing the growth and success of homegrown firms with a govtech products and services;
- Attracting new companies, investment and talent; and
- Creating new high-quality jobs in govtech and related fields.

For more information, contact Andre Leduc, VP, Government Relations and Policy, ITAT at aleduc@itac.ca