TECHNATION CA



PROCUREMENT MODERNIZATION PATHWAYS

Enabling greater economic productivity, innovation, and nation-building through procurement



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Abstract

PROCUREMENT MODERNIZATION PATHWAYS

Federal procurement underpins the successful execution of federal investments into economic productivity, economic intervention, services, policy implementation and innovation. Without a high functioning procurement engine, programs and services suffer performance risk and value leakage.

TECHNATION sees procurement as **critical economic infrastructure** that needs new thinking and policy change to support our emerging national ambition and deliver value for money.

Canada's federal procurement system is built on rules that have not kept pace with modern business practices and digital technologies. These challenges are becoming more prominent in the era of AI, increasing pressure on oversight bodies and public services to deliver measurable impact while maintaining an open, fair and transparent system.

Canada has also raised its national ambition. Industry, governments and investors are rallying around a "Canada Strong" theme, aligned with a vision of a stronger, more productive and more resilient nation. Experts on domestic productivity have sounded the alarm that Canada will need a significant, non-organic, increase in productivity to have an impact on Canadian jobs and growth.

Procurement is the mechanism through which many of these ambitions are translated into action. A modern, effective procurement system is essential to deploying public investments at the speed and scale required to achieve national objectives. If Canada is serious about building a stronger economy, increasing productivity, and driving innovation, procurement modernization must be recognized not as an administrative reform, but as a strategic national priority.

Executive Summary

Federal procurement is where public investment becomes public outcomes. Over the coming decade, Canada's commitments in defence, infrastructure, housing, digital government, and artificial intelligence will be delivered largely through contracts. In 2024 to 2025, the Government of Canada awarded $66.9 billion in contracts for goods, services and construction. Of this total, $55.6 billion was awarded by Public Services and Procurement Canada[1], and public purchasing across all orders of government is equivalent to roughly 37% of Canada's annual GDP [OECD, Government at a Glance 2025].

The system that manages this spending was not designed for these demands. Federal procurement is governed by a patchwork of legislation, Treasury Board policy, trade agreements, and case law, applied across more than 100 federal organizations. For years, the Procurement Ombud, Auditor General, and parliamentary committees have identified the same systemic problems, including limited competition in many procurements and repeated instances where federal contracting and procurement policies are not consistently followed. The result is slower delivery, weaker competition, and value lost between contract award and outcome.

Leveraging Procurement to Advance Citizen Outcomes and Economic Growth

The recommendations and perspectives presented throughout this paper are informed by input from TECHNATION's membership, representing small, medium and large Canadian and global technology firms. TECHNATION's view is that procurement should be managed as national productivity infrastructure: a capability that determines how quickly government can deliver, how much value Canadians receive for public money, and whether Canadian firms can grow by serving government. Peer jurisdictions are already acting. The United Kingdom's Procurement Act 2023 came into force in 2025, the European Union has proposed consolidating its procurement rules into a single act, and the United States is overhauling its Federal Acquisition Regulation.

Modernization must also align two important objectives: creating a simpler, faster procurement system while advancing national objectives such as Canadian capability, Indigenous and SME participation, and economic security. TECHNATION proposes defining those objectives once and applying them through standard, proportionate criteria, rather than adding requirements contract by contract.

As the federal government evolves domestic procurement beyond construction, defence and major projects, targeting clear areas where buying can stimulate Canadian productivity — like in technology procurement — the interconnectedness of global supply chains create complex tradeoffs. As a result, TECHNATION has proposed practical solutions across four increasingly complex areas of focus:

1. Simplification to address known challenges that slow down procurement and outcomes delivery
2. Digital/agile procurement that uses data-driven approaches to break down complex programs and deliver measurable outcomes.
3. Using strategic procurement to deliver on policy outcomes through tailored sourcing and partnerships with industry.
4. Legislation to modernize accountability, oversight, and enforce standards and performance metrics.

TECHNATION advocates for a balanced approach that combines practical near-term improvements with longer-term governance and legislative review. We believe Canada can simplify processes, modernize commercial practices, strengthen the use of data, and improve collaboration between government and industry today, while also building the foundation for more durable structural reform over time.

[1] https://www.canada.ca/en/public-services-procurement/news/2025/12/government-of-canada-implements-buy-canadian-policy-to-strengthen-canadas-economy-and-support-homegrown-industries.html

1. A System-Level Productivity Opportunity

Federal procurement should be managed as national productivity infrastructure.

Procurement will be central to the effectiveness of initiatives across infrastructure, goods, services, skills, digital services, and regulation. As Canada rises to meet new economic headwinds, governments will play a vital role in improving national economic performance.

Government purchasing in Canada contributes 13-15% to annual GDP. Public Services and Procurement Canada alone awarded over $218 billion in federal contracts between 2020 and April 2026[2]. Technology is embedded across all procurement, and as an enabler of quality government services and industrial strategies.

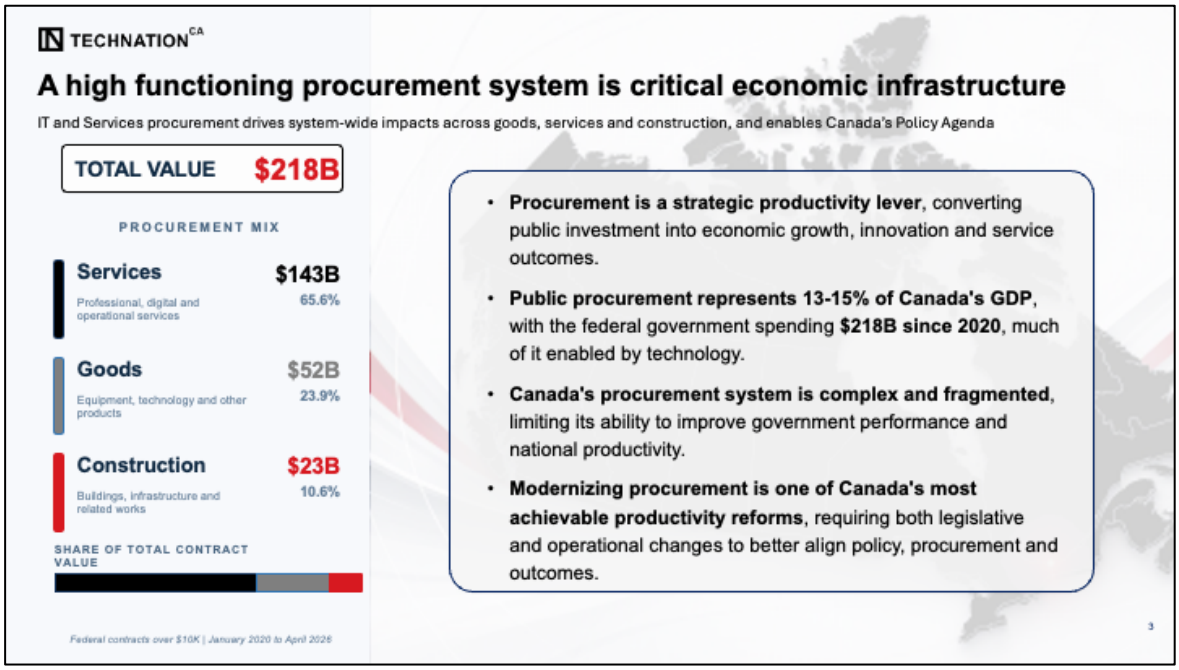


Figure 1: Modernization can convert public spending into stronger productivity, innovation and service outcomes

Current procurement frameworks were designed for a different era. The rules-based system precedes technology advancements in digital and artificial intelligence and struggles to meet the challenge of major infrastructure projects, defence investments, industrial development, and other nation-building initiatives. As a result, government, industry, and oversight bodies (Parliament) share a near impossible challenge to navigate the web of rules and deliver consistent, clear, and predictable results.

This paper revolves around two concepts:

1. **Using modern digital procurement tools and approaches** to significantly improve performance by reducing procurement cycle times, increasing competition, improving supplier engagement, strengthening oversight, and capturing greater value from public expenditures; and,
2. **Taking a phased approach to updating rules** through system simplification, digital procurement approaches, creating stronger alignment to policy objectives and, finally, legislative reform where necessary.

[2] Procurement and contracting data | CanadaBuys, https://open.canada.ca/data/en/dataset/d8f85d91-7dec-4fd1-8055-483b77225d8b/resource/12d72e99-0ac1-4465-9f9b-943ff5b81f6c

TECHNATION believes these reforms would reduce complexity, improve consistency, increase competition, modernize commercial practices, strengthen accountability, and enhance government's ability to deliver strategic outcomes.

The future state is a procurement system that is faster, more digital, more trusted, and focused on measurable outcomes rather than process compliance. Adopting modern procurement practices, leveraging data and artificial intelligence, strengthening collaboration with industry, and aligning procurement with broader public policy objectives would transform procurement from an administrative function into a strategic capability that supports productivity growth, innovation, competitiveness, and nation-building.

Why Now?

- Outdated rules and processes will slow the execution of nation-building initiatives.
- Historic investments in Budget 2025 shift the next 20-30 years of government spending and require flexibility to execute.
- Canada's emerging need for Canadian (sovereign) capabilities has broad implications on current regulations, requiring reform.
- New trade agreements will require Canada to modernize procurement rules alongside those of global partners.

Why Focus on IT and Services Procurement First?

- Improvements to technology procurement cascade across all goods, services, and infrastructure procurement.
- IT and Services modernization can accelerate procurement commitments (i.e. NATO, Infrastructure, housing).
- Data and AI approaches can drive greater transparency, demand signalling to industry, and value realization.
- Innovation in IT and agile program delivery drives program renewal and skills development across the public service.

2. A Phased Roadmap for Procurement Modernization

Drive dual pathways to incremental and legislative reform.

TECHNATION is advocating for action that drives outcomes for Canadians. This is consistent with the federal government's message "Building Canada Strong"[3]. We believe that procurement modernization should be approached in parallel paths with a focus on **outcomes over procurement process**.

TECHNATION is proposing three sets of known issues for regulatory transformation, and a fourth set for deeper legislative reform. Designed to run in succession or in parallel, this approach begins with changes that are most addressable within the rules, before moving to more complex challenges that are better solved with new legislation.

The proposed procurement modernization roadmap follows four phases:

1. Simplification for All
2. Modern Approaches to Digital Procurement, Data, and Innovation
3. Encouraging Outcomes, and Promoting Confidence in Public Policy
4. Modernizing Legislation and Governance

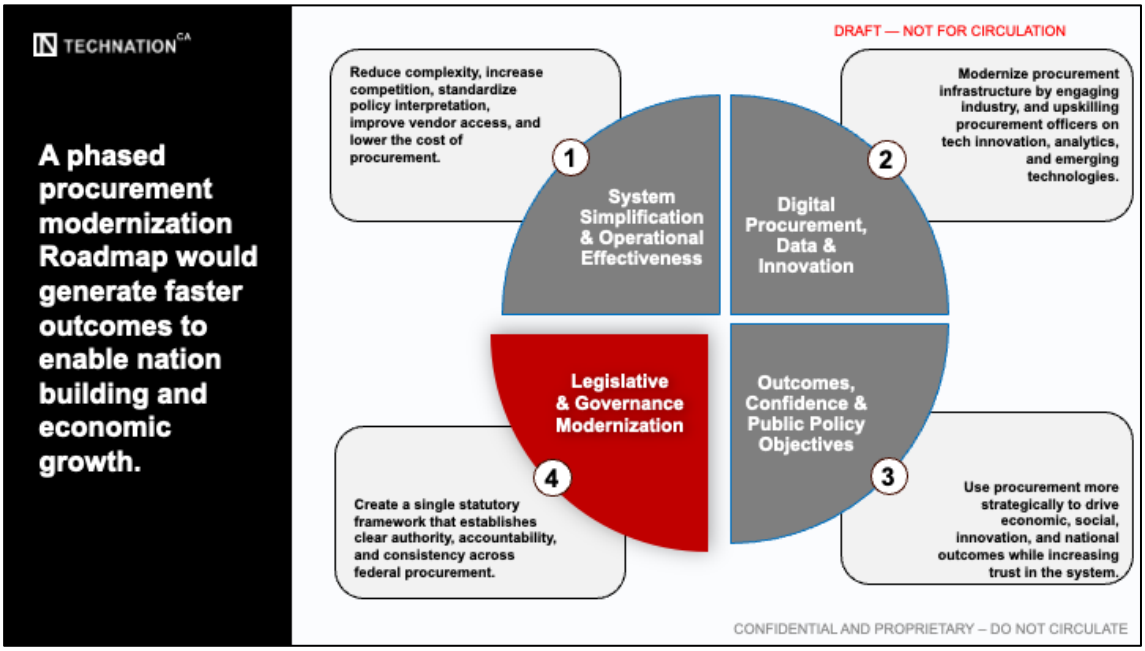


Figure 2: TECHNATION proposes a phased procurement modernization roadmap.

[3] Our plan: Building Canada strong | Budget 2025

2.1. Simplification for All

Canada's federal procurement framework has evolved into a fragmented and often incoherent system, with no single statute bringing together procurement principles, responsibilities, processes, and remedies. Instead, procurement is governed by a patchwork of legislation, Treasury Board policies, trade agreements, court decisions, and oversight mechanisms that are interpreted across more than one hundred federal organizations.

The issue of complexity is well documented. Diffusion of rules and governance has led to inconsistency, fragmented accountability, and an increasing focus on process compliance rather than value creation. Repeated audits, reviews, and industry reports have identified the same systemic issues for decades, while responses to individual procurement failures have often added new layers of rules and oversight[4]. The result is a system that lacks clarity, predictability, and agility, making it difficult for government, suppliers, and oversight bodies to consistently achieve timely, transparent, and value-for-money outcomes.

Simplification would improve conditions for all industry and government stakeholders. It would help resolve known issues that drive inconsistency in the application of rules, including:

- Align contract terms to industry standards (e.g., IP rights, liability)
- Streamline overlaps in decisions and oversight between contract and project authorities
- Standardize definitions (e.g. digital sovereignty) and simplify RFP templates
- Create guides for common evaluation criteria and avoid overly prescriptive RFPs that impact fairness and transparency
- Use data to improve supply chain engagement
- Focus on outcomes over compliance, through guidance on procuring for solutions versus tasks
- Apply focused efforts on improving access for target groups (e.g., small and medium-sized businesses, Indigenous Procurement Plans) including approaches to innovation scaling

2.2. Modern Approaches to Digital Procurement, Data and Innovation

From TECHNATION's perspective, information technology has evolved far beyond the assumptions embedded in Canada's current procurement framework. The existing rules were designed for purchasing defined goods and traditional services, whereas modern digital solutions are increasingly delivered through cloud services, software subscriptions, artificial intelligence, data platforms, cybersecurity capabilities, and rapidly evolving technology ecosystems.

Innovation cycles now move in months rather than years, requiring iterative procurement approaches, ongoing vendor collaboration, and flexible contracting models that can adapt as technologies mature. As a result, procurement systems that prioritize process compliance over outcomes can struggle to keep pace with digital transformation, limiting government's ability to access emerging technologies, manage risk effectively, and deliver timely value to Canadians. TECHNATION believes procurement modernization should reflect the realities of the digital economy by emphasizing outcomes, innovation, agility, and continuous value creation rather than relying on rules and contracting models developed for a previous era.

Industry-accepted standard approaches need to be adopted to address pain points for government and industry:

- Intellectual Property Rights

[4] https://www.canada.ca/en/procurement-ombudsman/news/2025/10/the-procurement-ombuds-2024-25-annual-report-stresses-the-need-for-foundational-change.html

- Define approaches to leverage OPEX and CAPEX funding to generate innovation and deliver faster outcomes
- Define standards for risk-sharing and partnerships with industry through consultation
- Align technology approaches for software evolution and updates to industry best practices
- Increase the value of knowledge transfer and training in contracts to build public sector delivery capability
- Align contracting processes to agile project management approaches

2.3. Encouraging Outcomes and Promoting Confidence in Public Policy

Canada faces major priorities such as digital transformation, critical infrastructure renewal, defence modernization, housing, energy development, and productivity growth, all of which require government to move quickly and partner effectively with industry. Yet the procurement system remains heavily focused on process, approvals, and risk avoidance, often resulting in lengthy timelines, fragmented decision-making, and reduced flexibility. As projects become larger and more complex, these constraints can delay investment, limit innovation, and reduce government's ability to leverage procurement as a tool for economic development, industrial capacity building, and national competitiveness. In TECHNATION's view, procurement modernization is essential to enable government to deliver major national priorities while creating greater value, innovation, and growth across the Canadian economy.

Recent efforts, such as Bill C-31, demonstrate that when national priorities demand speed, government is willing to create new procurement authorities, financing tools, and streamlined decision-making structures. The same principles could be applied more broadly across federal procurement to accelerate innovation, digital transformation, infrastructure delivery, and economic growth.

Current procurement rules must be adapted to avoid the risk that critical initiatives fail to launch or execute:

- Define expectations and standards for generating and measuring outcomes/results
- Model successful partnerships and risk-based arrangements used in other sectors and federal major projects and construction into IT and professional services contracts
- Produce a roadmap to align strategic procurement to policy plans outcomes, in a repeatable fashion
- Research and inform social procurement, industrial strategy and innovation policy that targets high growth, export ready domestic champions
- Define core principles of a rules-based regime for existing and new trade agreements
- Use purchasing data and analytics for demand management and provide better forecasting of planned investments

2.4. Modernizing Legislation and Governance

Incremental changes and digital approaches will not fix a broken process. While effort can solve for overlap and unevenness in the application of the rules, not all challenges can be solved with incremental solutions. Canada will likely need some level of legislative reform to update legal frameworks and ‘rewire’ contracting. Public Services and Procurement Canada is in the process of harmonizing regulations which will clarify the application of current rules, and legislation would remove some constraints. Still, there are structural barriers to providing greater clarity around accountability for outcomes, clarity of definitions and improved governance.

Modernizing regulations or legislation would redefine accountability for how procurement supports the national interest. It would remove structural barriers to and help address longstanding issues across the system, such as:

- Centralize procurement process and policy ownership (e.g., methods of supply, measurement and reporting, savings and effectiveness goals)
- Define expectations for outcomes management within departments, and create flexibility in how citizen services are delivered

- Align goods and service procurement authorities (thresholds) and simplify approvals and accountability
- Set expectations for standard RFP timelines (e.g. consultation, response, negotiation, renewal)
- Harmonize indemnification authorities across procurement agencies
- Formalize an administrative dispute resolution mechanism that reduces tribunal complaints and provides a negotiation framework or government departments and industry

3. TECHNATION's Core Position on AI and Procurement

TECHNATION supports the responsible use of AI in procurement both as a tool for modernizing government purchasing and as an innovation area that government should actively procure. Governments should use procurement to accelerate AI adoption, commercialize Canadian innovation, improve productivity, and generate better public outcomes.

At the same time, **TECHNATION believes that human control of procurement transactions is critical to a fair, open, and transparent procurement system**. AI is a tool humans must use responsibly.

TECHNATION's procurement modernization work advocates a procurement system that is **AI-ready, outcomes-focused, innovation-friendly, and capable of supporting Canada's economic and productivity objectives.** The recommendations consistently fall into six themes:

1. Procurement should accelerate AI adoption
2. Current procurement rules were not designed for AI
3. Procurement should support AI commercialization
4. AI can be used for better procurement decisions
5. AI procurement should be responsible and transparent
6. Shift the focus from compliance to outcomes

1. Procurement should accelerate AI adoption	2. Current procurement rules were not designed for AI
AI is a critical productivity, innovation, and economic growth driver. Government procurement should be used as a strategic tool to accelerate AI adoption across the economy and to help government become a model user of AI. **Canada's ability to embrace AI responsibly depends in part on how government procures technology, services, and expertise** to modernize public services, improve productivity, build competitive Canadian technology firms, and adopt AI responsibly. Canadian businesses can follow Canada's lead.	**Many procurement rules, contract terms, and evaluation precede digital approaches** such as the use of artificial intelligence, modern data management, and digital platforms. Federal procurement frameworks should be modernized to support AI contract frameworks, intellectual property provisions and data rights, risk-sharing arrangements, and commercially reasonable terms and conditions (i.e., versus rigid standard terms).
3. Procurement should support AI commercialization	**4. AI can be used for better procurement decisions**
Procurement of AI can be an economic development lever, to help Canadian AI startups commercialize solutions, creating critical reference customers, providing SMEs with access government markets, and growing domestic technology capability. **Governments should create supportive procurement pathways for startups and scale-ups**	Industry uses AI and advanced analytics to accelerate and inform better procurement decisions through proven approaches and tools for category management, spend analysis, supplier rationalization, identification of duplication and overlap, market intelligence, and procurement planning. **Large open data sets that can analyzed by proven AI tools as a starting point to identifying savings**

that allow AI to scale beyond pilots, encourage partnering across the tech ecosystems, and support sectors where Canada can realistically build global champions (e.g. cyber, advanced AI and language models). Funding should extend beyond research partnerships and into commercialization and scaling.	**and improve effectiveness** by reducing fragmentation, improving access and competition, increasing fairness, and generating productivity gains within procurement operations.
5. AI procurement should be responsible and transparent	**6. Shift the focus from compliance to outcomes**
AI adoption must be trusted. It needs to be both responsible and scalable. Procurement reforms should preserve the principles of fairness, openness, transparency, competition, accountability, and public trust while simultaneously increasing speed, innovation, and outcomes. **Industry leads on responsible AI, and governments across Canada should look to industry for responsible AI approaches and frameworks.**	Government should focus on outcomes rather than narrowly specified inputs or labour categories. This is especially important for AI because innovative solutions evolve quickly and do not fit well within traditional task-based procurement models. **TECHNATION therefore advocates for greater solution-based procurement**, where industry is challenged to leverage innovation, including AI, to produce greater outcomes and create better proof points around responsible AI adoption. Solutions-based contracts, agile project management, and risk sharing partnerships could create the flexibility needed to evaluate novel approaches and solutions.

4. Measuring Performance

Digital procurement improves sourcing effort, cycle time, overall visibility, and value.

Industry research from major firms such as EY, PwC, KPMG, Deloitte, and McKinsey, reaches a common conclusion: government procurement be viewed primarily as a strategic capability that advances national priorities. With all levels of government purchasing hundreds of billions of dollars annually, procurement represents one of the most powerful policy levers available to government. ***How*** **Canada buys can be as important as** ***what*** **Canada buys.**

Efficiency Lever	Goods Procurement	Services Procurement	Construction Procurement
Procurement cycle time	15-25% reduction	20-30% reduction	20-30% reduction
Transactional sourcing effort	30-50% reduction	30-50% reduction	20-40% reduction
Procurement productivity	25-40% improvement	25-40% improvement	20-35% improvement
Realized savings	5-10% of addressable spend	7-12% of addressable spend	5-12% of addressable spend
Contract value leakage	Up to 50% reduction	Up to 50% reduction	20-40% reduction
Approval and governance time	15-30% reduction	20-40% reduction	20-40% reduction
Supplier onboarding time	25-50% reduction	20-40% reduction	15-30% reduction
Contract administration effort	20-40% reduction	20-40% reduction	20-40% reduction
Change orders/amendments	10-20% reduction	10-25% reduction	10-30% reduction
Time to first operational outcome	20-30% improvement	20-35% improvement	15-25% improvement

Figure 3. ILLUSTRATIVE - AI synthesis of illustrative impact benchmarks that are typically seen by major procurement consultancies. Ranges can vary and would need to be validated.

The Opportunity for Canada

Implementation of a digital procurement program including industry-proven approaches to category management and RFP/contract tear downs leads to *efficiency* (e.g. savings through price arbitrage, reduction of contract fragmentation and spend category reviews), as well as *effectiveness* opportunities that are more lasting (i.e. reducing overlap, accelerating outcomes, and driving better decisions through the use of data). Across these two frames, there are tremendous opportunities to scale government productivity output as well as value for money through procurement.

1. Scaling Canadian Economic Growth and Innovation

The major firms agree that governments can use procurement to create demand for innovation, accelerate commercialization, and strengthen domestic industries.

Canada has historically invested heavily in research and innovation but struggled to scale domestic firms into global leaders. However, federal programs such as IDEaS, Innovative Solutions Canada, and the Small Business Procurement Program (SBPP) under the Buy Canadian Policy all create access for SMEs by creating early customers for Canadian technologies and reducing barriers for SMEs and innovative suppliers. However, these programs often have limited duration, funding, and mandates. Several pain points could be addressed through the lens of economic development, including:

- Focused collaboration with industry on social procurement (SME, Indigenous, and underserved business).
- Simplification of vendor qualification frameworks and supply arrangements to increase participation of Canadian SMEs.
- Procurement flexibility to scale and accelerate commercialization for Canadian innovators into global champions.
- Targeted procurement, beyond pilots, of AI, cybersecurity, clean technology, and advanced manufacturing.

Rather than treating procurement solely as a cost transaction, governments can use purchasing power to stimulate long-term economic value, IP, and GDP growth.

2. Strengthening National Security and Economic Sovereignty

A dominant theme across PwC, Deloitte, EY, and KPMG research is the growing connection between procurement, defence readiness, and economic security.

Buying Canadian and sovereign solutions in IT and services is fundamentally different from goods and construction because the tech industry is globally integrated and there are many dependencies to consider. For Canada, the opportunity for deep dives on procurement can help clarify open questions that cause friction or are yet to be defined, including:

- Building sovereign tools, capabilities and companies (building global champions through procurement).
- Defining how the global tech ecosystem enables Canadian economic growth, innovation, and security.
- Matching government workflows to security profiles, as part of defining sovereign requirements.
- Building a deeper understanding of the components of secure supply chains to better balance risk.

The emerging consensus is that procurement should be viewed as a core component of national resilience and should inform better decisions and definitions using real data and insights.

3. Improving Public-Sector Productivity

Using digital (data and analytics) to increase government productivity is a major opportunity for all governments that will lead to greater outcomes, processing speed, and reduced friction. Better performance and financial

analysis will speed up outcomes and improve value for money, as well as create real-time transparency over what government purchases, and the outcomes it receives. Across the research, common opportunities for improvement include:

- Reducing administrative overlap and clarifying accountability.
- Creating price arbitrage and savings from using AI tools to accelerate, align and harmonize contract terms and costs.
- Sharing and re-using contracts and qualifications (federal and across FPT) to reduce procurement effort and cost.
- Accelerating the procurement process to deliver faster outcomes while maintaining fairness and accountability.
- Using data and reporting to create procurement visibility and expertise, and better decisions, for senior leaders.

The result is faster delivery, lower administrative costs, and better outcomes for citizens.

4. Building a Digital and AI-Enabled Procurement Function

AI will not solve a broken process, but industry leaders identify opportunities for digital transformation using AI, machine learning, and automation.

McKinsey notes[5] that leading organizations are increasingly using digital procurement platforms, analytics, automation, and AI to dramatically improve efficiency and decision-making. Deloitte similarly argues that governments should adopt a "simplicity-first" approach that reduces unnecessary complexity before digitizing processes. Similarly, Deloitte's 2025 Global Chief Procurement Officer Survey[6], which included more than 250 procurement leaders across 40 countries, shows that leading procurement organizations are rapidly adopting AI and advanced analytics to improve performance.

Government procurement organizations often lack integrated spend visibility, supplier intelligence, contract management tools, and performance analytics. Potential applications of AI and digital include:

- Contract teardowns, spend analysis and category management
- Supplier risk and performance monitoring
- Contract terms and standard clause analysis (i.e. to assess consistency, duplication, and identify revision potential)
- Market intelligence across the supplier base (i.e. geographic engagement, vendors by size, category, or department)
- Administrative automation (i.e. accelerating hand-offs, reporting and compliance)

The objective is not fewer procurement professionals, but more productive and strategic procurement organizations. The consensus across EY, PwC, KPMG, Deloitte, and McKinsey is clear: procurement modernization is one of Canada's largest untapped policy opportunities. Done well, procurement can simultaneously improve public-sector productivity, strengthen national security, support Canadian industry, accelerate innovation, and deliver better value for taxpayers.

At a time when Canada faces weak productivity growth, rising geopolitical uncertainty, and significant infrastructure and defence investment requirements, procurement modernization offers a practical and high-impact lever for advancing both economic and strategic objectives.

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[5] https://www.mckinsey.com/capabilities/operations/our-insights/transforming-procurement-functions-for-an-ai-driven-world
[6] 2025 Global Chief Procurement Officer Survey | Deloitte US

The opportunity is not simply to buy better — it is to use procurement as a nation-building tool that helps Canada become more productive, innovative, resilient, and competitive.

Enterprise Scorecard (Illustrative)

Canada should establish a baseline for performance metrics and expectations. Targets should only be set after common definitions, data-quality assessment, and portfolio segmentation.

Dimension	Example measures	Purpose	Reporting cadence
Speed	End-to-end and stage cycle times; time to first value	Expose bottlenecks and improve delivery	Quarterly
Competition	Bidders, qualified suppliers, SME participation, competitive share	Assess market access and contestability	Quarterly
Quality	Evaluation changes, disputes, amendments, schedule, and cost variance	Improve planning and contract management	Quarterly
Value	Validated savings, avoided cost, value leakage, benefits realized	Connect reform to fiscal stewardship	Semi-annual
Policy outcomes	Innovation adoption, Canadian capability, mission outcomes	Track strategic contribution	Annual
Trust	Supplier experience, transparency completeness, resolution time	Monitor legitimacy and usability	Annual

Data Safeguards

- Publish definitions and calculation methods.
- Segment metrics by procurement type, value, complexity, and security requirements.
- Do not reward speed at the expense of competition, quality, or integrity.
- Require independent validation of material financial benefits.

5. Learnings from Allied Systems

Leading jurisdictions are investing in end-to-end digital procurement ecosystems.

Across the Commonwealth and other leading jurisdictions, government procurement is undergoing a significant transformation from a compliance-driven administrative function to a strategic tool for economic growth, innovation, and public-sector modernization. This shift reflects growing recognition that public procurement — often representing 12-15% of GDP across OECD countries[7] — can be a powerful lever for achieving strategic government outcomes.

Recent reforms across the Commonwealth demonstrate a shared focus on three interconnected priorities: policy modernization, digital procurement, and the responsible adoption of artificial intelligence. Governments are using procurement to advance broader policy objectives, including economic resilience, domestic industrial development, SME participation, sustainability, and innovation. Modern procurement frameworks are being designed not only to achieve value for money, but also to support national economic and social priorities.

Core Principles				
Primary legal basis	• Financial Administration Act + Treasury Board policy + common law	• Procurement Act 2023	• Statute + Federal Acquisition Regulation (FAR)	• EU Public Procurement Directives (2014/23, 2014/24, 2014/25)
Fairness / Equal treatment	• Central through common-law duty of fairness and policy (fair, open, transparent)	• Explicit statutory duty to treat suppliers equally unless objectively justified	• Explicit integrity and equal-treatment obligations under FAR	• Core treaty-based principle: equal treatment and non-discrimination
Transparency	• Strong policy requirement (proactive disclosure), uneven statutory footing	• Statutory lifecycle transparency (planning → award → performance)	• Extensive documentation, disclosure, and protest transparency	• Foundational principle across all directives
Competition	• Competition as a norm; exceptions justified case-by-case	• Competition default with statutory flexibility	• "Full and open competition" is a legal requirement	• Open competition is a core directive principle
Value for money / best value	• "Best value to the Crown" (policy-driven)	• Statutory objective: value for money	• Best value explicitly defined and operationalized	• Implied through efficiency and competition
Integrity / probity	• Integrity Regime, Conflict of Interest Guidelines, Code of Conduct; policy enforcement; Ombud oversight	• Statutory duty to act, and be seen to act, with integrity	• Extensive integrity rules (Procurement Integrity Act)	• Embedded via treaty principles and remedies
Non-discrimination	• Via trade agreements and common law	• Explicit in statute	• Explicit under FAR and statutes	• Foundational EU treaty principle
Public policy objectives	• Strong (Indigenous procurement, ESG, Buy Canadian)	• Permitted where linked to contract	• Extensive statutory set-asides (SMBs, domestic content)	• Permitted within strict treaty boundaries
SME access	• Strong policy intent; limited enforceability	• Statutory duty to consider barriers to SMEs	• Statutory small business participation mandates	• Encouraged (lotting, thresholds, SME access rules)
Proportionality	• Implied through policy and common law	• Embedded implicitly across the Act	• Less explicit; compliance-driven	• Express core principle
Remedies & enforcement	• Courts, CITT, Procurement Ombud (contextual)	• Court remedies incl. suspension/set-aside	• GAO & courts with automatic stays	• National courts + EU remedies regime
System design	• Fragmented, principles-based	• Unified, statutory	• Highly codified, rule-dense	• Supranational, harmonized

Figure 4: Jurisdictional scan of global procurement systems.

Modern platforms are evolving beyond electronic tendering to support the full procurement lifecycle, including supplier registration, procurement planning, contract management, performance monitoring, and data analytics. Countries such as the United Kingdom, India, Kenya, and Australia are developing integrated digital procurement environments that improve transparency, reduce administrative burden, enhance supplier access, and provide governments with better visibility into spending and performance.

Governments are also beginning to integrate AI and advanced analytics into procurement operations. Current applications focus primarily on supporting procurement professionals through market analysis, drafting assistance, contract management, risk monitoring, fraud detection, and supplier support services. Importantly, leading

[7] https://www.oecd.org/en/publications/2025/06/government-at-a-glance-2025_70e14c6c/full-report/size-of-public-procurement_6979cd47.html

governments are emphasizing governance and accountability frameworks that ensure AI augments rather than replaces human decision-making. Transparency, supplier disclosure, data quality, human oversight, and risk management are emerging as foundational principles for responsible AI adoption in public procurement.

Underlying all three trends is the growing importance of procurement data as a strategic asset. High-quality, standardized procurement data is increasingly viewed as essential for improving transparency, enabling digital transformation, supporting AI applications, and generating insights that improve procurement outcomes. As a result, governments are placing greater emphasis on common data standards, supplier performance information, and enterprise-wide procurement analytics.

The UK Procurement Act 2023[8] and reforms underway establish statutory principles and lifecycle transparency. The European Union's major revisions to public procurement processes involve a formal legislative proposal, unveiled on September 9, 2026[9], consolidating over two dozen sector-specific acts, five procurement procedures, and 900 pages of regulation into a single act that is applicable directly across the EU. The U.S. Federal Acquisition Regulation (FAR)[10] has been in place since 1984 and codifies principles, competition rules, and remedies. It could be argued that Canada is potentially at risk of becoming an outlier among comparable economies.

TECHNATION believes the UK is a strong comparator for Canada to look at. The UK Procurement Act 2023 represents the most significant modernization of UK public procurement in decades. It shifts procurement away from a compliance-driven model toward an outcomes-based approach by replacing the concept of the "Most Economically Advantageous Tender" with the "Most Advantageous Tender," allowing governments to place greater emphasis on innovation, public value, resilience, sustainability, and broader economic outcomes. The Act also introduces a new Competitive Flexible Procedure, giving buyers more freedom to design procurement processes that better suit complex technology, digital, and service procurements.

The legislation also strengthens transparency and accountability across the full procurement lifecycle, from planning and tendering through contract management and performance reporting. New requirements for public disclosure, supplier performance monitoring, debarment, and contract oversight create a more transparent and reliable system. At the same time, the Act aims to broaden participation by reducing barriers for SMEs, improving payment practices, encouraging early market engagement, and introducing a central digital platform that simplifies supplier registration and access to opportunities. Together, these reforms are intended to deliver faster, more innovative, transparent, and value-focused public procurement.

[8] https://www.legislation.gov.uk/ukpga/2023/54/contents
[9] European Commission pushes to simplify and 'Europeanize' public procurement
[10] Federal Acquisition Regulation | Acquisition.GOV

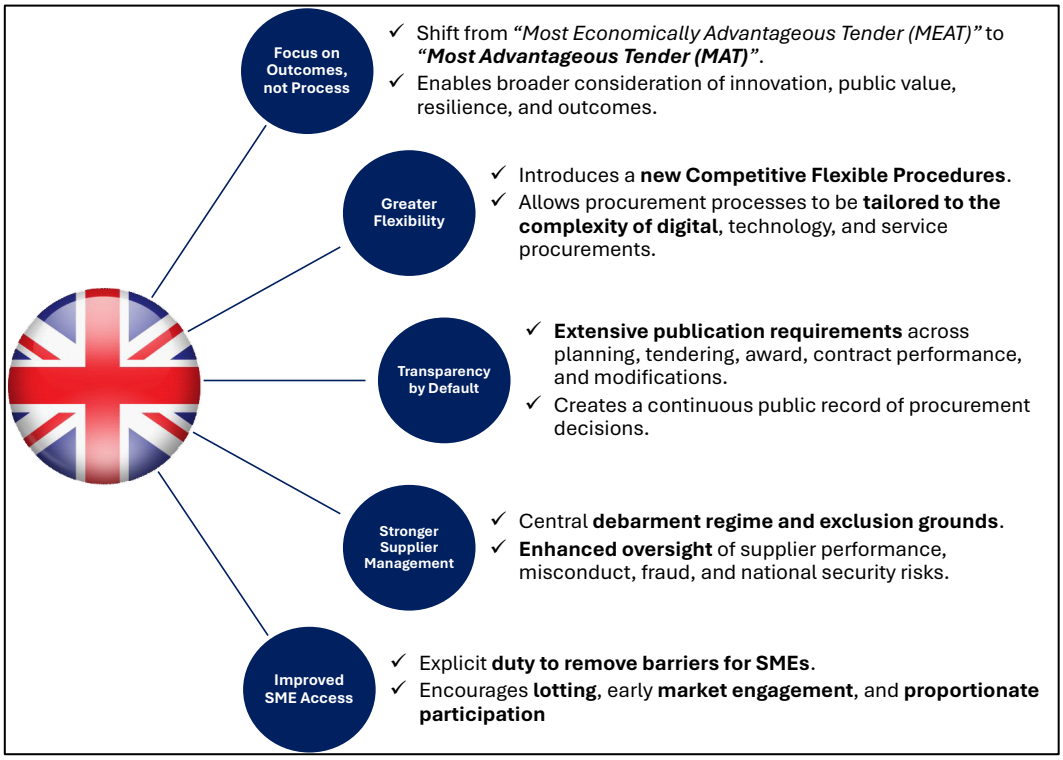


Figure 5: The UK Procurement Act Covers the full procurement lifecycle, from planning, competition, award, to contract management, and performance reporting.

For Canadian governments, these global developments suggest that future procurement success will depend on building integrated digital capabilities, strengthening procurement data foundations, developing modern workforce skills, and positioning procurement as a strategic function that supports economic, innovation, and public-service objectives. The jurisdictions making the greatest progress are those pursuing coordinated modernization across policy, technology, data, and workforce capabilities rather than treating procurement reform as a standalone process improvement initiative.

Implications for Canada

Global procurement reform demonstrates that procurement is evolving from a transactional purchasing function into a strategic policy lever. For Canada, the strongest lessons are the need to adopt outcome-based procurement, increase flexibility for technology acquisition, improve procurement capability, build modern digital procurement infrastructure, strengthen SME participation, focus on supplier performance, and align procurement with productivity and economic growth objectives. Collectively, these reforms would help position procurement as a nation-building tool that accelerates digital transformation, strengthens Canada's innovation ecosystem, and improves public sector outcomes while maintaining fairness, transparency, and accountability.

Other jurisdictions are already moving in this direction or have moved in this direction, meaning Canada is not alone. Many of the drivers of reform are consistent with the challenges that the federal government faces, but every example is tailored to the unique context of each jurisdiction. Canada will need to build its own solution. These examples, however, should inspire confidence that others are acting, and there are peers within the Commonwealth and G7 who can be a source of inspiration.

6. Short- and Long-Term Recommendations

Addressing Canada's procurement challenges requires both short- and long-term actions. In the short term, the federal government should focus on immediate, practical improvements within the current framework. In the longer term, a comprehensive review of procurement legislation should be undertaken. By pursuing both paths in parallel, government can deliver near-term improvements in speed, competition, and value while building the foundation for a modern procurement system capable of supporting Canada's productivity, digital transformation, and nation-building objectives.

Short-Term Recommendations: Regulatory and Operational Reform	**Long-Term Recommendations:** Legislative and Governance Review
• Pursue incremental reforms in partnership with industry (i.e. either directly or through a mechanism such as joint government-industry task force) focused on existing IT and services contracting policy, Canadian tech ecosystem enablement, and regulatory change. • Prioritize simplification of known challenges, leveraging existing rules and/or regulatory guidance to remove friction (including regulatory harmonization already underway). • Reduce cycle times and administrative burden based on recommendations from the public service and industry. • Adopt outcome-based procurement as the default framework for major technology, services, and innovation procurements. • Investigate opportunities to incorporate flexibility, agile/modular procurement, and risk-sharing principles. • Clarify the implementation of Canadian Content requirements under the Government of Canada's Policy on Prioritizing Canadian Suppliers and Canadian Content in Strategic Federal Procurements (e.g. Canadian Value Added Requirements)	• Conduct a review of existing information and recommendations from previous reports (i.e. literature review of Auditor General, Procurement Practice reviews by the Ombudsman, and House Committee recommendations and Reports) addressing value for money concerns. • Conduct an analysis of buying data and purchasing patterns across categories using AI, automation, analytics, and supplier experience data to generate a shortlist of efficiency and effectiveness proposals (e.g., supplier fragmentation, price arbitrage, and cost savings from streamlining or consolidating methods of supply). • Create a roadmap for procurement modernization based on Canadian insights and jurisdictional examples. • Introduce a concept document for enterprise-wide procurement KPIs and public reporting (e.g., RFP and contract cycle times, supplier participation, schedule performance, policy outcomes) • Explore legislated approaches to strengthen SME procurement, innovation procurement, and domestic capability development, and social procurement (e.g. Indigenous procurement, sustainability). • Propose concepts for an administrative dispute resolution mechanism that reduces the burden of complaints to the Ombudsman and tribunals.

Conditions for Successful Reform

Modernization should be managed as a multi-year transformation of policy, technology, people, and commercial practice.

Key Risks and Mitigations

Risk	Mitigation
Reform adds another layer	Use a sunset review for new controls and remove old requirements as new standards launch.
Speed weakens integrity	Maintain transparent decisions, proportionate controls, audit trails, and accessible remedies.
Technology-first transformation	Sequence operating-model and data design before platform automation.
Targets drive gaming	Use balanced metrics and portfolio segmentation; independently validate benefits.
Supplier consultation favours incumbents	Use open, documented engagement and targeted SME/innovator channels.
Legislative review delays action	Maintain separate operational workstream with delegated decisions and pilots.

IMPLEMENTATION TEST | Pilot changes to produce evidence: less burden, faster delivery, stronger competition, or better outcomes. Iterate and adjust based on learnings.

7. Considerations for Federal, Provincial and Territorial Partners

Canada's productivity challenge requires transformational thinking across government. Procurement modernization represents one of the most practical, scalable, and high-impact opportunities available to improve public-sector productivity while advancing economic growth, innovation, and national priorities.

The future state is not just a faster contracting organization. It is a modern procurement enterprise that converts public spending into measurable national outcomes, supports Canadian competitiveness, strengthens public trust, and enables government to deliver on its ambitions faster, smarter, and more effectively.

Within our Westminster system, provinces and territories have the power to enact and manage their own procurement. The recommendations from the federal layer are still relevant but need to be considered and debated within the context of each province and territory.

Federal, provincial and territorial partners should remain closely connected during this time of significant transformation, and senior procurement leaders should, wherever possible, develop common standards, best practices, even extending to interoperable procurement frameworks that allow suppliers and procurement organizations to “qualify once” and purchase more quickly across Canada. TECHNATION is not recommending harmonization for its own sake, but rather reducing duplication, sharing innovation, and accelerating procurement productivity nationwide, wherever, and whenever possible.

Simplification Reduces Administrative Burden for All

Efforts to standardize and centralize procurement templates, simplify evaluation criteria, eliminate redundancy in approvals streamline vendor qualification processes and reduce bid submission complexity helps all suppliers and procurement officials deliver faster procurements, lower transaction costs, and improve supplier participation.

Move Toward Outcomes-Based Frameworks (Methods of Supply)

Many governments continue to rely heavily on labour-based or task-based contracts rather than procuring measurable outcomes. All government should consider greater use of outcomes-based contracts, establishing performance-linked contracting, weighted evaluations based on the bidder’s approach, lifecycle value measurement, and standardized/common supplier performance management frameworks would improve project results, and encourage innovation and accountability for delivery.

Modernize Digital Procurement Platforms

Digital procurement transformation is universally applicable across jurisdictions. While many platforms exist to publish and process RFP submissions, FPT partners are encouraged to prioritize "qualify once, bid many times” supply arrangements, improve digital procurement workflows (e.g. e-bidding and contract management tools), and commit to greater use of AI-supported spend analysis and reporting to increase productivity and improve transparency across procurement systems.

Improve Procurement Data, Analytics and Spend Visibility

Spend analysis and reporting is a significant opportunity to improve spend insight and transparency. Initiatives such as category-management programs, enterprise-wide spend analytics, AI-enabled spend reviews, and the use of performance indicators and dashboards would inform better policy decisions, demonstrate stronger oversight, and lead to cost savings and operational efficiency. AI can apply logic to unstructured data, which is a concern for all

governments, and accelerate insights. With appropriate human intervention and reasoning, AI can be used to apply industry standard classifications to unstructured data, making it a source of insight.

Clarify Governance and Accountability

Across governments, globally, there is a need to continually improve and lean procurement accountability and ownership. FPT partners should consider whether their systems consistently provide clear procurement authorities, defined responsibility for outcomes, centralized leadership accountability, common governance frameworks, and performance accountability structures for the public service and for suppliers. This could lead to more consistent decisions and greater confidence in procurement outcomes, which contributes to supplier engagement.

Professionalize and Modernize the Procurement Workforce

Every jurisdiction faces similar talent shortages and lack of formalized training. Potential investments in procurement certification, commercial capabilities training, training on technology procurement, AI literacy programs, category management training, and building strategic sourcing competencies. Skills development within the procurement function would lead to better decision-making and improved procurement performance.

Improve SME and Innovation Access

Reducing barriers for smaller firms is applicable across all jurisdictions. Potential reforms include smaller bid packages, simplified qualification requirements, expanded supplier engagement, innovation challenge programs, pilot and sandbox procurement streams, consistent social procurement approaches. These types of initiatives encourage greater competition, innovation, and regional economic participation.

Standardize Commercial Terms and Contracting Models

Outdated commercial terms as a recurring challenge across jurisdictions, particularly for IT and Services procurement. FPT actions could include standardizing IT terms and conditions, standardizing cloud and AI contracting models, defining risk-sharing criteria, promoting agile procurement mechanisms, aligning IP and liability provisions, and exploring modular contracting approaches. These types of efforts can reduce negotiation effort and lead to faster contracting.

Strengthen Intergovernmental Collaboration

Identifying opportunities to “solve once across the system” by creating access to procurement frameworks across jurisdictions could improve supplier engagement while reducing effort for government. Potential initiatives could include shared procurement standards, common supplier data standards, collaborative procurement vehicles, shared digital infrastructure (e-procurement platforms), joint market engagement, and shared benchmarking and reporting.

Position Procurement as an Economic Development Tool

Canadian government procurement contributes 13-15% of Canadian GDP annually. Collaboration between jurisdictions not only reduces duplication it improves the purchasing power of Canadian jurisdictions. Government procurement is a driver of productivity and growth rather than merely a compliance activity. Common approaches to FPT framework, including partnering where possible and standardization could lead to improvements in productivity outcomes, Innovation adoption and scaling, Canadian supplier development, industrial participation/strategies, economic sovereignty, and critical supply chain resilience. Collaboration across procurement could also support public-sector modernization and deployment of best-in-class solutions.

The Future State of Federal Procurement

The future state of federal procurement is an operating capability for productivity, innovation and national policy execution.

Shift from transactions to strategic policy enablement



CANADA STRONG

01

OUTCOME-DRIVEN

Buy measurable results, not inputs or process compliance.

KPI: Performance metrics

02

DIGITAL & DATA-LED

Use AI, analytics and shared data to improve decisions and visibility.

KPI: Supplier engagement

03

FASTER BY DESIGN

Simplify rules, approvals and contracts to accelerate delivery.

KPI: RFP cycle-times

04

COMMERCIALLY ALIGNED

Adopt modular, agile and industry-standard contracting models.

KPI: Revised Ts and Cs

06

MISSION-ENABLED

Use procurement to advance productivity, sovereignty and Canadian capability.

KPI: Policy outcome tracking

05

PARTNERSHIP-BASED

Engage suppliers early, share risk and strengthen competition.

KPI: Risk sharing scorecard

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