

# The Mission-driven Government:

## Leading a New Way with Outcome-based Contracting

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Moving Canadians, Technology, and Government Forward

# The Mission-driven Government: Leading a New Way with Outcome-based Contracting

Misaligned goals and metrics are stifling how private partners can empower government and improve citizen experience and confidence. Shifting to outcome-based contract models will improve Canada's program trajectory and enable innovation.

In *Citizen Services: It's Canada's Time to Lead a New Way*, Maximus began an important discussion about how Canada can catalyze service delivery transformation with a focus on citizens, outcomes, and an operator-led approach.

This white paper continues that conversation, with a deep dive into outcome-based contracting as a vital part of modernizing and streamlining public services.

Today, government procurement contracts tend to favour input-based approaches that carefully define each step of partner service delivery: from inputs to technology, seats to spend—a rigid structure that guides the procurement to a narrowly prescribed result.

So why does the public sector continue to struggle with slow-paced innovation, overblown budgets, poor performance, and low citizen satisfaction?

Current government contracting frameworks, such as the Treasury Board's Directive on the Management of Procurement and the recently launched Buy Canadian Policy, prioritize transparency, fairness, and domestic economic resilience.

However, they lack a formal mechanism to consistently champion outcome-based contracting across government procurement. This paper proposes an outcome-based procurement directive that would challenge the use of input-based approaches and proactively target federal procurements that should shift from input evaluation and compliance to a focus on measurable mission results.

**“ Canada can catalyze service delivery transformation with a focus on citizens, outcomes, and an operator-led approach. ”**

In outcome-based contracting, the focus is on achieving outcomes, not inputs (the discrete steps anticipated to get there). By working with operations experts and experienced partners with a clear sense of the mission, government leaders can achieve their vision for program success—and know that their vision is grounded in quantitative and qualitative mission goals.

Applied correctly, this will foster innovation, public-private collaboration, efficiency, and public trust.

## Global Context

**Around the world**, the move from input-based to outcome-based contracting is already driving successful procurement contracts. The Organisation for Economic Co-operation and Development (OECD) Recommendation on Public Procurement “supports a shift from an administrative and compliance-based approach to a strategic and holistic approach to realize government policies.”

**New Zealand’s Government Procurement Rules** promote “results-based agreements” and functional specifications rather than prescriptive requirements. The rules encourage agencies to define desired outcomes and allow suppliers flexibility in delivery, aligning closely with performance-based principles.

**The US Federal Acquisition Regulation’s** general service contracts approach institutionalizes performance-based acquisitions, aligning payments with results. It requires Request for Proposals (RFPs) to describe the outcome to be achieved, not how to achieve it, offers measurable performance standards, and ensures these are incorporated into the contract.

**Australia and Ireland** also offer similar focus on outcomes in procurement structures, among others.

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## Canadian Status

Canadian procurement emphasizes best value and socio-economic objectives, including buy Canadian requirements, but remains largely input-driven. Contracts often under the guise of mandatory and rated requirements, specify deliverables, technologies and compliance requirements rather than mission outcomes.

This gap represents a strategic opening: Canada could enable innovation by formalizing an Outcome-based Procurement Framework, similar to global equivalents, embedding performance metrics, adaptive contracting, and innovation incentives into federal procurement rules, including outcomes that emphasize buy Canadian.

## The Limits of Traditional Contracts

Traditional government contracts are built on rigidity. They measure inputs—hours worked, staff assigned, volume processed—rather than the outcomes that matter to users themselves, and to government and political leadership that is accountable to the public.

To deliver familiar implementation and easy apples-to-apples comparisons, they recycle stale approaches and overemphasize compliance. Service Level Agreements (SLAs) become the goal instead of the guardrails.

There's a valuable place for input-based contracting in scenarios when requirements are contained and limited, and the nature of the work restricts opportunities for innovation. But when these traditional contracts are the default, public institutions are left with limited control over outcomes, stifled by a system that rewards the status quo and breeds stagnation. Programs miss out on new approaches, including Artificial Intelligence (AI), cloud-technology, and new operational models that are proven globally to drive efficiency. Vendor relationships become strained as expectations shift, making in-flight programs and projects less relevant. As a result, departments and agencies further prioritize risk avoidance over progress, leaving little room for adaptation or continuous improvement.

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For example, knowledge management. Traditionally, government knowledge management systems have been built around document libraries in established platforms like SharePoint, which are embedded in government technology standards.

Today, responsibly trained AI provides an opportunity to help customers and government officials quickly sift through large volumes of knowledge documents to help find relevant answers. New AI-powered knowledge management platforms can deliver measurable improvements in customer satisfaction and employee response times, while keeping humans in the loop for accountability and oversight.

However, since government technology standards are largely static, an input-based approach is more likely to lock government departments into procuring a legacy platform that is already outdated at the time of tender, and even further outdated by the time the solution is implemented.

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## The Outcome-Based Model: A Paradigm Shift

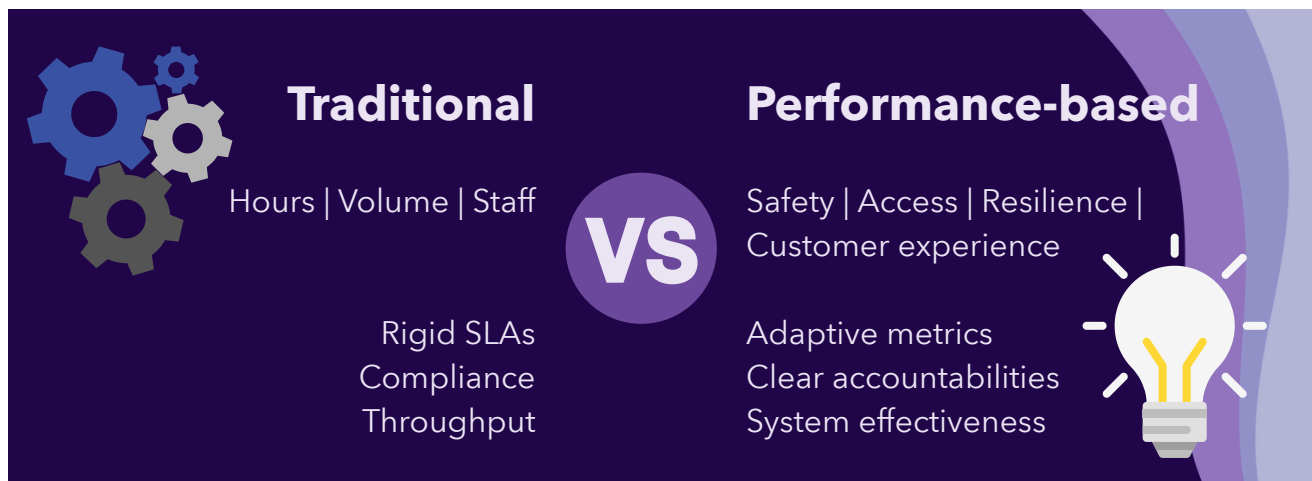
Outcome-based contracting challenges the traditional way of doing business within the public sector. It puts the focus on the program mission and provides flexibility for partners to innovate and achieve these goals using advancements already pioneered, tested, and perfected in the private sector.

This model can replace or augment static requirements and exhaustive checklists with adaptive metrics and clear accountabilities that drill down into meaningful performance indicators. Success is defined by practical outcomes, not by adherence to procedures alone.

To enable this level of flexibility and modernization, governments shift from rigid System Requirements Documents (SRDs) to Statements of Objectives (SOOs) or Performance Work Statements (PWSs). This model holds industry partners accountable for delivering results rather than simply following prescribed steps. It also incentivizes continuous improvement, rewarding vendors for enhanced capabilities over time rather than one-time deliverables.

With vendors freed to pursue the “north star” mission goals, they can accelerate programs with evolving global technology. Among potential accelerators, this includes AI, which stands ready to achieve remarkable efficiencies when thoughtfully managed and optimized by human insight.

By rethinking both scope and contract type, government agencies can create calls for solutions that drive mission success, foster innovation, and ensure accountability for results.



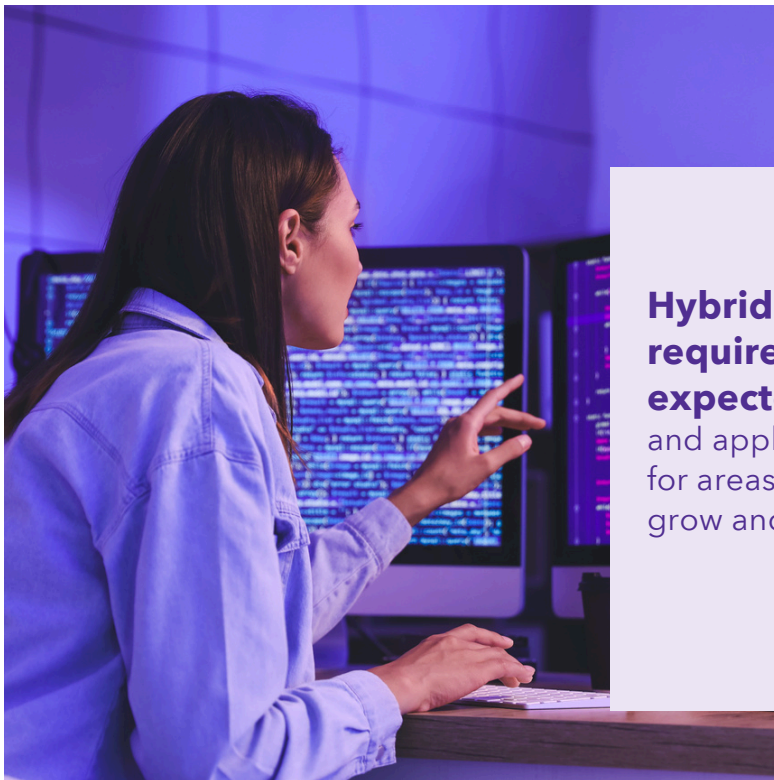
## Find the Balance

For all its promise, a 100 per cent outcome-based contract brings its own set of risks. Programs should strike a balance between outcome elements and defined inputs in a hybrid approach.

Hybrid models set baseline requirements in areas that are expected to remain static, and apply an outcome-based approach for areas that need more flexibility to grow and modernize.

These contracts can still define Service Level Agreements (SLAs)—but they ensure these metrics support the goal and don't become the goal themselves. They also provide basic assurances that the contractors will deliver necessary documentation and support (i.e. key personnel, architecture diagrams, incident response times, etc.).

These requirements also apply when implementing AI-powered solutions: partners should not just adhere to jurisdictional guidelines but bring their own robust AI controls to build transparent and accountable AI in government.



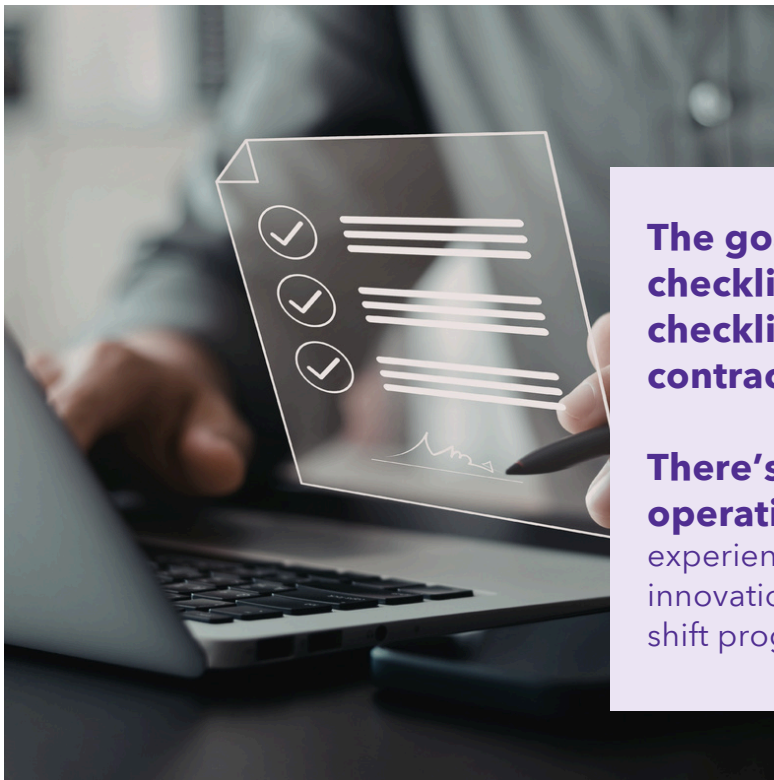
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In a hybrid or outcome-based model, government procurement does not need to abandon the ability to scrutinize cost structures. Innovation brings financial risk for partner organizations, and risk premiums recognize this. When capped at a reasonable level, partners remain incentivized to continue to invest in innovation. Partners should be expected to disclose their pricing approaches to help assure that pricing is competitive, reasonable, and delivers value-for-money.

Throughout, government retains control of priorities and governance, while gaining visibility into mission progress throughout the contract lifecycle.

In the hybrid model, the goal is not to exchange one checklist of inputs for a new checklist of outcome-based contracts and innovation. There's no substitute for operational expertise: experienced operators will help innovations take hold and successfully shift program trajectories.

Partners should come equipped with proven experience innovating through outcome-based contracts, hybrid or otherwise. Governments must expect their vendors and partners to demonstrate pilots, case studies, and practical results, to build trust that mission objectives will be met, and innovation will thrive.



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## Are Your Metrics the Problem?

What do you want?

The question may seem simple, but too many government programs struggle because their success measurements did not truly represent their mission goals.

For outcome-based contracts to be successful, they must measure the outcomes that matter. Otherwise, they can reproduce the same core problems with traditional contract models.

Goodhart’s Law says: “When a measure becomes a target, it ceases to be a good measure.” Or, put another way, you get what you measure.

### How you measure outcomes must be holistic and aligned with the true objectives of your program. Why?

- When a contract rewards answered phone calls, partners are incentivized to receive and respond to those calls. They are not incentivized to improve the up-front citizen experience so a phone call isn’t required at all, or to resolve the issue in the first call.
- When a contract rewards speed of processing documents, they prioritize rapid turnaround. But they risk churn, rather than first-contact resolution.
- When a contract rewards compatibility with legacy technology, they ensure smooth transitions. But they shackle innovation.

There is no one-size-fits-all approach to determining your outcome measurements—and that’s the point. Outcomes need careful consideration of mission goals, compassion for citizens, and real conversations.

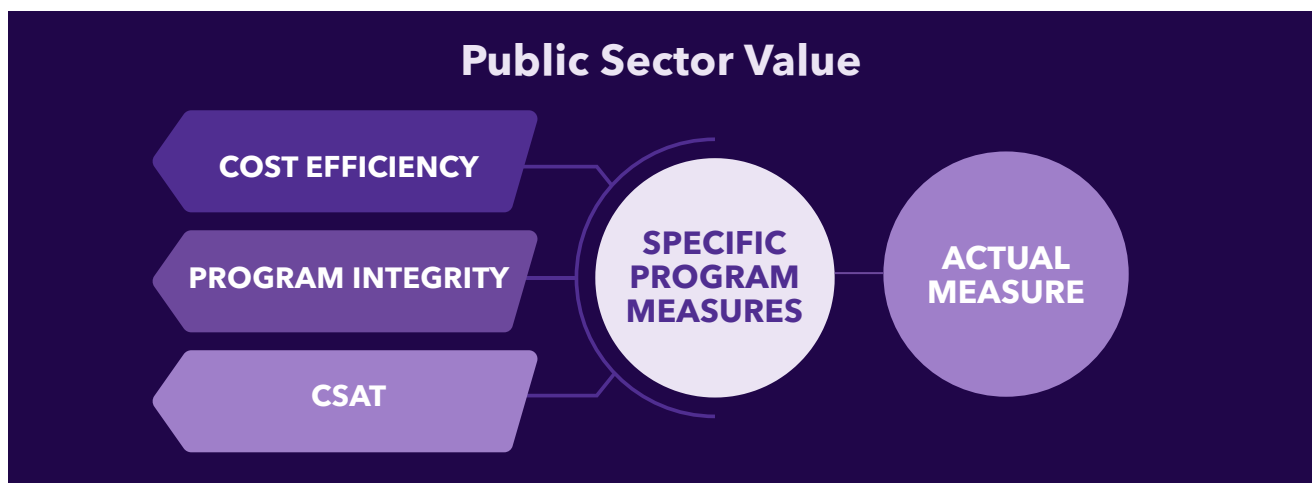
Have you been successful?

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Still, getting outcomes right does not guarantee success. An underlying data strategy and supporting governance is required to administer, interpret and agree upon what outcomes have been achieved and realized. This starts by all parties agreeing on foundational elements:

- **Data clarity:** This includes clarity on the authoritative systems of record, data ownership and stewardship, measurement frequency, and acceptable proxies where direct measurement is not possible. When the determining dataset is unclear, disagreements over performance can arise even when operational progress is strong.
- **Data management:** This should define how data will be captured, validated, shared, and governed throughout the contract lifecycle. It should also clarify how privacy, security, and data sovereignty requirements will be met while enabling transparent performance reporting and continuous improvement.
- **Governance and verification:** Outcome-based models benefit from trusted governance mechanisms to validate performance and maintain confidence across all parties. This may include jointly agreed measurement methodologies, independent or third-party verification where appropriate, and clear dispute-resolution mechanisms. Establishing these elements early helps ensure outcome-based models remain collaborative rather than adversarial over time.

The shift to outcome-based procurement is therefore not only a contracting exercise—it is a data alignment exercise that further reinforces overall alignment on what initiatives will have the most direct impact on target outcomes. Programs that establish a clear, shared data foundation at the outset are far more likely to achieve durable, trusted outcomes.



## Case studies: Outcome-based contracts make an impact

**When a US federal agency set out to move from aging infrastructure to a cloud environment, it opted for an outcome-based contract** built around a Statement of Objectives (SOO). This put the focus on mission outcomes rather than prescribing a specific technical path. The SOO outlined clear expectations, such as delivering a report with defined components and documenting key interfaces, while leaving room for partners to determine the best methods to meet those goals. It also detailed relevant constraints, including cybersecurity requirements, staffing considerations, and transition parameters, and incorporated a service delivery summary to establish performance standards and metrics.

**In the UK, the Essex Edge of Care delivered substantial public value by structuring payments around care days saved**, incentivizing the provider to keep even high-risk adolescents safely at home rather than in costly care placements. This outcomes-driven model yielded a 43-point reduction in care day rates and millions in net savings.

**In Australia, the Newpin Social Benefit Bond showed the power of outcomes-based contracting in child protection** by tying program success to the independently verified restoration of children to safe family homes. This model incentivized the provider to focus relentlessly on high quality therapeutic support and family restoration, improving long term outcomes for vulnerable children while ensuring government only paid when the program successfully achieved measurable, life-changing results.

**In Finland, Kotouttamisen linked custom vocational training and Finnish language instruction to real labour market shortages**, incentivizing providers to deliver job ready skills that reduced unemployment payments and increased tax contributions. By paying only for verified results, specifically, successful and sustained employment, the Finnish government shifted performance risk away from taxpayers, while improving economic and social integration for up to 2,500 participants.

“ Put the focus on mission outcomes rather than prescribing a specific technical path.”

At times, governments are inspired to pursue to outcome-based contracts by seeing the results of innovation in their programs first. For example, in Canada, a provincial citizen service centre faced the challenge of delivering consistent, quality services across dozens of programs and ministries. Maximus deployed a modern cloud-based knowledge management solution in tandem with a clear content strategy, AI-support, and a team of library sciences professionals. With the new solution, agents could find relevant knowledge faster and resolve calls sooner; citizen satisfaction rates increased by 10% and average handle time remained stable despite 30% increased call volumes.

In response, when the provincial ministry and Maximus planned the next extension period, it included outcome-based components that were directly informed by this demonstration of the power of innovation.

### **Clear Outcomes, Powerful Results**

In the US, a major federal agency relied on legacy systems that required staff to manually enter paper records and switch between applications: a classic swivel chair process that created delays and backlogs. Partnering with agency leadership, Maximus focused on mission outcomes: faster processing, improved accuracy, and higher value use of staff time.

Through constant collaboration with subject matter experts and IT, Maximus developed an automation solution, alongside a two-year roadmap for incremental deployment. Leaders and SMEs met daily with Maximus, with hands-on experience testing the solution before it was approved. All parties aligned on common metrics and data alignment to assess outcomes objectively. Once launched, the impact was immediate:

- **Case preparation and intake times fell from 10 days to under two hours.**
- **620,000 procedural hours were saved.**
- **By February 2025, the solution was deployed across all 50 offices nationwide.**

By prioritizing mission outcomes and maintaining transparency around data and governance, Maximus and the agency successfully met their mission goals, dramatically accelerated service delivery, and empowered staff to focus on their highest value work.

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## Conversations, Not Commands

You can't write an outcome-based procurement in isolation.

A successful outcome-based procurement needs a rigorous consultation process, including leadership, operations, IT—and private sector partners—from the very beginning.

Procurement is a conversation. It's about aligning vision, imagination, and practical realities across all stakeholders. Before drafting an RFP, government teams should engage in structured discussions with multiple partners to ensure the framework reflects real-world operational needs and the context of change.

These discussions also encourage learning and sharing, with participants leveraging perspectives from other jurisdictions, both Canadian and global, as well as private sector organizations' comparable successes.

### **Outcomes should be framed by operational realities, elevated with partner innovations, supported by IT, and championed by leadership.**

- **Operations at the Table:** Those closest to day-to-day service delivery must help define outcomes with their knowledge of practical realities.
- **Private Sector Insight:** Industry partners bring expertise in innovation and delivery, which can go beyond a specific jurisdiction and even outside the country. Their input during procurement design ensures solutions are feasible and future-ready. They bring intelligent experience in fields such as AI, with roadmaps to implementation. Strong partners should bring practical, proven operations experience, not just plans and concepts.
- **IT Enablers:** Technology enables outcomes, it doesn't dictate them.
- **Leadership Engagement:** Senior decision-makers, including Ministers, Deputy Ministers and Associate and Assistant Deputy Ministers, need to be actively involved and attentive to ensure alignment and accountability, and results that drive impact for Canadians.

This moves the momentum from committee-derived mandates to bottom-up collaboration. When procurement is built on conversation, we transform it from a compliance exercise into a strategic enabler of modernization.

## Outcome-based Contract Procurement, Step-by-Step

1. **Understand your program:** Get past daily deliverables to see your mission-aligned outcomes.
2. **Talk to the right people.** Consult with operations, partners, IT and leadership.
3. **Commit to the mission:** Define your goals and intended outcomes.
4. **Identify the determining data set** and outline a shared data strategy and governance model to measure and verify results.
5. **Align payment structures** to results.
6. **Keep guardrails:** SLAs should support the mission, not replace it
7. **Share a draft outcome-based contract RFP;** invited vendors to provide insight on how to maximize outcome value
8. **Issue the final outcome-based contract RFP**

## Move the Goalposts

As Canada continues to grow and modernize, experienced government partners can meet the requirements of traditional contracts, hit the numbers, and fall into the same input-based limitations that have plagued procurement.

Or, they can help lead innovation in government and demonstrate how industry can achieve mission goals through enabling technology and creative solutions.

To get there, we need to change how we think about procurement contracts and put the focus on our goals and the mission of delivering public services. Outcome-based contracting is a procurement reform—and it’s also a mindset shift. Government must get creative, get collaborative and get crystal clear on exactly what we need to achieve.

At Maximus, we help governments ask the right question: What do you want? Then we build the framework to measure what matters, and deliver results that count.

Outcome-based contracts aren’t about the journey—they’re about the destination.

## About Maximus Canada

Maximus Canada is a trusted partner to governments across the country, specializing exclusively in public-sector service delivery to move Canadians, technology, and government forward.

For more than two decades, the company has helped governments modernize through customer experience services, technology & consulting services, and health services. The Canadian organization brings deep understanding of local operations, and insights into transformative global technologies, to guide the future of government. With user-focused delivery, continuous innovation, and public sector expertise, Maximus brings a uniquely Canadian approach to service excellence.

Operating in provinces and territories across the country, Maximus Canada employs an entirely Canadian workforce of more than six hundred employees and maintains all data, infrastructure, and client operations within Canada's borders, ensuring compliance with the Privacy Act, PIPEDA, and relevant provincial legislation. Its secure data-hosting environment, fully housed in Canada, provides governments with the assurance that sensitive citizen information never leaves domestic jurisdiction. This "by Canadians, for Canadians" model allows governments to modernize with confidence, knowing that sovereignty, security, and accountability remain intact.

Maximus's expertise lies in translating complex public-policy mandates into efficient, measurable citizen outcomes. The company's services integrate multilingual, omni-channel contact-centre operations; eligibility and benefit administration; health-claims management; and technology consulting and modernization. At the core of these operations is the Total Experience Management (TXM) Platform, a modular, data-driven approach that unites secure technologies, analytics, and human-centred design into a single, flexible framework. TXM supports fast, low-risk transitions by modernizing existing government operations rather than rebuilding them from scratch. Together with its Customer Experience (CX) design process, which merges operational insight with human-centred design, Maximus delivers solutions that are practical, scalable, and aligned with the realities of day-to-day public service.

Through this combination of CX and TXM, Maximus supports some of the largest and most complex service systems in the country. Its teams manage millions of citizen interactions each year, provide multilingual assistance in over one hundred languages, and deliver surge capacity during periods of peak demand. In health services, Maximus administers claims, benefits, and enrolment programs that reach millions of Canadians across nine provinces and territories. In each instance, the focus remains on quality, accessibility, and citizen satisfaction, measured through transparent performance metrics and continuous improvement cycles.

Maximus's operational culture emphasizes responsible innovation. Its approach to automation and AI is grounded in human oversight and public-sector governance. Machine-learning tools are designed and trained under the supervision of experienced operators who understand the programs, policies, and people being served. This ensures that modernization enhances rather than replaces human capability, strengthening both efficiency and trust.

## Delivered by Canadians. Powered by Experience.

**Michael Wilson, Vice President, Growth**, leads Maximus Canada's strategic efforts to enhance the value delivered to governments and communities across the country.



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