



# 2020/2021

## ANNUAL PERFORMANCE PLAN



### DIGITAL TRANSFORMATION

Seamless Citizen Experience through Integrated Government



# EXECUTIVE AUTHORITY STATEMENT

The past five years saw rapid technological changes that catapulted South Africa into a digital era, where knowledge mutates at untold speeds. This is a distinctive competitive feature of the fourth industrial revolution (4IR) and it will inform our critical choices in making investments for growth.

In the same period we have made bold policy decisions, and repositioned the country to lead itself and the continent in the adoption of the digital technologies as we are ushered into the Fourth Industrial Revolution epoch. We shall continue to exercise leadership and decisiveness and refine policy to clear the ambiguities, remove impediments to growth and promote new investments. Indeed the future is certainly not what it used to be.

Through Digital Transformation our focus is on the development of the skills of the future, building technical capacity and future competencies for our youth through intense and structured training as they contribute to the building of the digital society that is free, equal and at peace. The role of the private sector and academia will be crucial to unlocking the potential associated with the 4IR.

As a youthful country we are mindful of the opportunities inherent in this digital transformation journey as we prepare to take on and compete with the best in the world while promoting solutions that are home grown and local. Further investment in the construction of the tertiary institutions with a focus on science, innovation and technology is therefore key as we aim to train a million youth in high-impact and cutting-edge technological innovation areas for current and future industries.

Paramount in this administration will be economic reforms which are focussed on fixing the fundamentals and pursuing critical areas of growth. Over the next five years, government will prioritize economic recovery, creating an environment for the "Building of a Capable State and Placing Our Economy on a Path of Recovery through Inclusive Growth" with a specific focus on the youth.

The role of our state owned companies (SOC) is vital in this ever changing competitive world stage. We shall kick start the next five years of this administration with the stabilisation of state owned companies and repurpose these strategic entities to serve an important economic and developmental role as outlined by the President in support of "economic transformation, inclusive growth and competitiveness".

By their definition, the SOC were conceived primarily to be financially sustainable while driving the developmental agenda through service delivery improvement including but not limited to the optimization of investments, job creation, human resource transformation and innovation while increasing the economic output of government. This contribution of the state owned companies is certainly not lost to government and all hands will be on deck to ensure that these entities are commercially and operationally sustainable and not dependent on the need for government funding.

As we enter the last decade of the National Development Plan, it is important that we hasten our efforts to attain the ideals contained in our Vision 2030, not least of which is to unleash the potential of the ICT and the sector to build a prosperous society founded on digital platforms for a knowledge economy in the world where all have access to, and are included in the digital culture that is transformative and cutting edge.

*Executive Authority*

The time to lay concrete foundations for the digital society is now, starting with an agile, service-delivery focused government which is completely supported by its delivery agencies and other entities that are enabled, capable, competitive and competent. In this medium term our energies will be dedicated to guiding our state owned companies to become responsive to both the needs of government and the citizens including driving the digital strategies of the state.

The next ten (10) years are going to be critical, as we strive to emerge from a stagnant economy to harness digital technologies to create a better society where all citizens will continue to have their dignity restored through universal access to basic but essential government services. Government is positioning itself to steer this digital transformation, supported by the transforming sector and the reforming state owned companies.

In this current global economic slowdown it is demanded of us to be inventive. As we continue to battle the odds, delicately balancing the needs of the society against our constrained resources, there is a need to re-capacitate the government; to achieve developmental goals and other economies of scale while safeguarding the privacy of the citizens by securing their data against any cyber threats including online and cross border crimes.

Service delivery improvement, cost efficiencies, the security and integrity of government data, localization, industry transformation and economies of scale have always been among the key expectations of the state owned companies.

The evolution of the SOCs has always been linked to that of government, with the state retaining its' executive role to re-imagine, repurpose and reconfigure these entities in line with the myriad and changing needs of government and society.

It would be a travesty to society, and an indictment on this administration, if stock is not taken regularly to assess both the performance and relevance of these entities as we proceed. As is the case with most developing countries, South Africans have come to view government as their last hope for a better life and the creation of meaningful economic opportunities. It goes without saying that state owned companies are central to that expectation.

*Executive Authority*

# EXECUTIVE CARETAKER AND ACCOUNTING AUTHORITY STATEMENT

*Executive Caretaker and Accounting Authority*

The State Information Technology Agency (SITA) is today standing on the cusp of a new dawn, faced with an opportunity to move with confidence into the future defined by a confluence of digital technologies which are intrinsic to the Fourth Industrial Revolution (4IR) as the Agency seeks to repurpose itself and become the Digital Transformation partner of government.

Like other revolutions before it, the 4IR is a giant shift in harnessing knowledge to improve the means of production and this invariably has a great impact on government which over the years has expressed concerns over the perceived lack of competitiveness by SITA. The delivery of services (including procurement and ICT services), the quality of products and solutions, the limited service offerings, the value proposition, cost-effectiveness and turnaround times for delivery were some of the numerous pain points that government has raised in relation to SITA. This has often been accompanied by requests for exemption from the legislation that binds them to SITA services.

The 4IR and Digital Transformation era, accompanied by the readiness and willingness of government to embrace the digital developmental agenda, is a double-edged sword for the agency, which is faced with the prospect of losing relevance and political support unless it is able to respond to the reforms required of the state owned companies. These reforms are clearly espoused through various interventions by the government in the past, chief of which being the Presidential Review Commission of the late 1990s and the State Owned Company Rationalization, which is now driven at the Presidential level.

SITA in the sixth administration is being thrown a final lifeline, albeit through a dire choice of reform or perish.

With almost a quarter of a century of delivering ICT services to government and citizens, SITA has come to understand the environment within which government operates and some of the challenges faced by both the clients, the shareholder, the industry and the nation and the appropriate business solutions that will fix the country and make government agile, efficient, prudent and effective.

## **At the heart of challenges being experienced by SITA, lies the following:**

- Lack of a performance management culture – the agency consistently failed to meet its own targets over the years with no consequence management. The tone at the top does not inculcate a client-centric service delivery culture, with effectiveness and efficiency.
- Inability to attract and retain leadership, management and critical skills – The average tenure of CEOs is 1.5 years since establishment of the agency, with the longest serving CEO lasting only 4 years, and more than 50% of senior management positions are currently vacant. This brings instability to the entity, with turn around strategies that are not fully implemented, but are constantly changed creating more confusion and lack of strategic direction.
- Unhealthy financial position – the cash flow position of agency for the last five years has been continuing to deteriorate largely due to contracts for services with government that are concluded up to 6 months into the financial year, whilst services are being provided and payment for these services being received during the last two quarters of the financial year. The tariffs for some of the services was last updated by National Treasury in 2008/09 financial year, whilst the

agency must pay suppliers using latest tariffs, thereby losing in excess of R140m for the 2019/20 financial year. SITA also invested into projects intended to position it to the 4IR initiatives and it is anticipated that these investments will only generate returns from the 2020/21 financial year.

- Procurement delays, irregularities and corruption – operational inefficiencies, long procurement cycles and susceptibility to fraud & corruption and lack of market intelligence to drive decisive industry transformation, as well as a lack of automated procurement solutions with built-in controls for process integrity, transparency, and business intelligence to assist decision making and forecasting.

Over and above these challenges mentioned above, that will be resolved with detailed actionable plans to be implemented over the MTEF; the entity must be repurposed in line with the 4IR and Digital Transformation imperatives, and some of the focus areas will include:

ICT thought leadership for government – Over the MTEF SITA will be partnering with Research institutions (CSIR, Universities, International ICT Research & Advisory bodies, etc.) with a focus on Applied ICT Research, Innovation, and Localization to ensure that innovative digital solutions are developed, and implemented in government transversally, whilst at the same time keeping the skill base of the entity relevant to the changing technological landscape.

Information and Cybersecurity – ensuring that the state and its citizens are able to transact, communicate and interface within an environment that is secured and safe.

The intent is to repurpose SITA into a state owned digital company to drive the government digital transformation agenda. In response to these challenges, SITA has adopted a Digital Strategy which incorporates the Digital Government Platform Ecosystem (DGPE) aimed at better enabling Government through scalable digital platforms that deliver great citizen experiences (this includes the investment in the Government Private Cloud Technology).

In order to support SITA's digital strategy, which is rooted in the GPCE, new capabilities will be built in Open source software/solution development in order to continuously grow the ecosystem of partners and the service catalogue for Government and Citizens as well as Software Defined Networking to ensure that the best transport layer is always available for platform-based services. In addition, Data science & business intelligence capacity and capabilities will be enhanced in order to embed Data Governance and ultimately utilise Government data for evidence-based decision making and derive insights to improve the citizen experience. Commercial skills that align with the new digital and on-demand services will be cultivated so as to ensure an operationally and commercially sustainable entity.

Thought leadership will give the company competitive advantage, preparing and readying SITA to operate in a fast changing milieu characterized by 4IR and digital transformation. This will require a culture shift within the Agency. This new culture combined with leadership and organisational resilience, together with the deployment of responsive technologies will accelerate Governments' adoption of 4IR technologies and ensure that South Africa occupies its' rightful place in the 4IR era. Accordingly Digital Transformation will permeate the envisaged organizational culture within the repurposed company, unlocking potential to invest in market intelligence led by research and development while building a skills base (both internally and externally) of core digital competencies that are vital in the 4IR to drive commensurate technologies and create a centre of digital innovation and excellence, where business solutions including new software will be locally developed and successfully commercialized to usher in the era of e-enabled government for the effective delivery of services while building a generation of black local industrialists, on an unprecedented scale.

*Executive Caretaker and Accounting Authority*

This will unfold as the Agency seeks to go back to basics and address the issues of value creation; building efficiencies and promoting effectiveness, articulating its role and purpose within a demanding commercial environment while improving its competitiveness in service to government for citizen convenience including complete freedom from data and other systems breaches which could potentially compromise the national cyber security landscape and compromise the privacy of citizens/departments to criminals and cyber rogues.

The outcome will be a new look SITA, completely overhauled and reimagined with improved service offerings and a strong value proposition to drive the digital transformation agenda of government, and the country as a whole, and to become the strategic partner, a trusted advisor on digital assertiveness as well as the innovator par excellence; tackling the problems of tomorrow with today's 4IR technologies and insights.

At the centre of the new state digital company will be an organisation with fit for purpose skills and a service-oriented focus, under-pinned by a strong commercial focus in order to ensure sustainability, a culture of ownership and accountability with each stakeholder mobilized to realize their value and impact to the government and the citizens respectively.

To make it commercially and operationally efficient as well as 4IR compliant, the new digital company will during the next financial year, work on savings derived from cost cutting measures and the capitalized commercialized solutions from our previous investments particularly in cloud technologies to allow for increased year-on-year spending on research and innovation during the MTEF period in order to provide the necessary thought leadership and digital innovations for a capable state.

In order to refocus SITA within the context of the SOC rationalisation and Digital Transformation, investment in Capex will be critical but currently the needs outstrips the available funding. To build stability in the cash flow environment, we will implement customers 'multi-year agreements that will facilitate the timely receipt of government orders and necessary funding in strategic investments including Capex.

Building on the foundations which have been established and the value created for our stakeholders, the new state digital company will primarily invest in the creation of research and development capabilities through a meaningful engagement model with the industry as well as partners from academic institutions focused on delivering solutions to government. This will position the Agency to drive the national digital strategy and positively contribute to and drive the African digital development agenda.



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Executive Caretaker and Accounting Authority: **Mr L Keyise**  
State Information Technology Agency SOC Ltd

# OFFICIAL **SIGN-OFF**

It is hereby certified that this Strategic Plan was developed by the management of the State Information Technology Agency SOC Ltd (SITA) under the guidance of the Executive Caretaker and Accounting Authority. The plan takes into account all the relevant policies, legislation and other mandates for which SITA is responsible, and it accurately reflects the impact, outcomes and outputs which SITA will endeavour to achieve over the period of the 2020-2025 financial year.



**Mr Sidima Ntsangani**

Executive Application Development  
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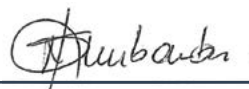
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# **DIGITAL TRANSFORMATION**

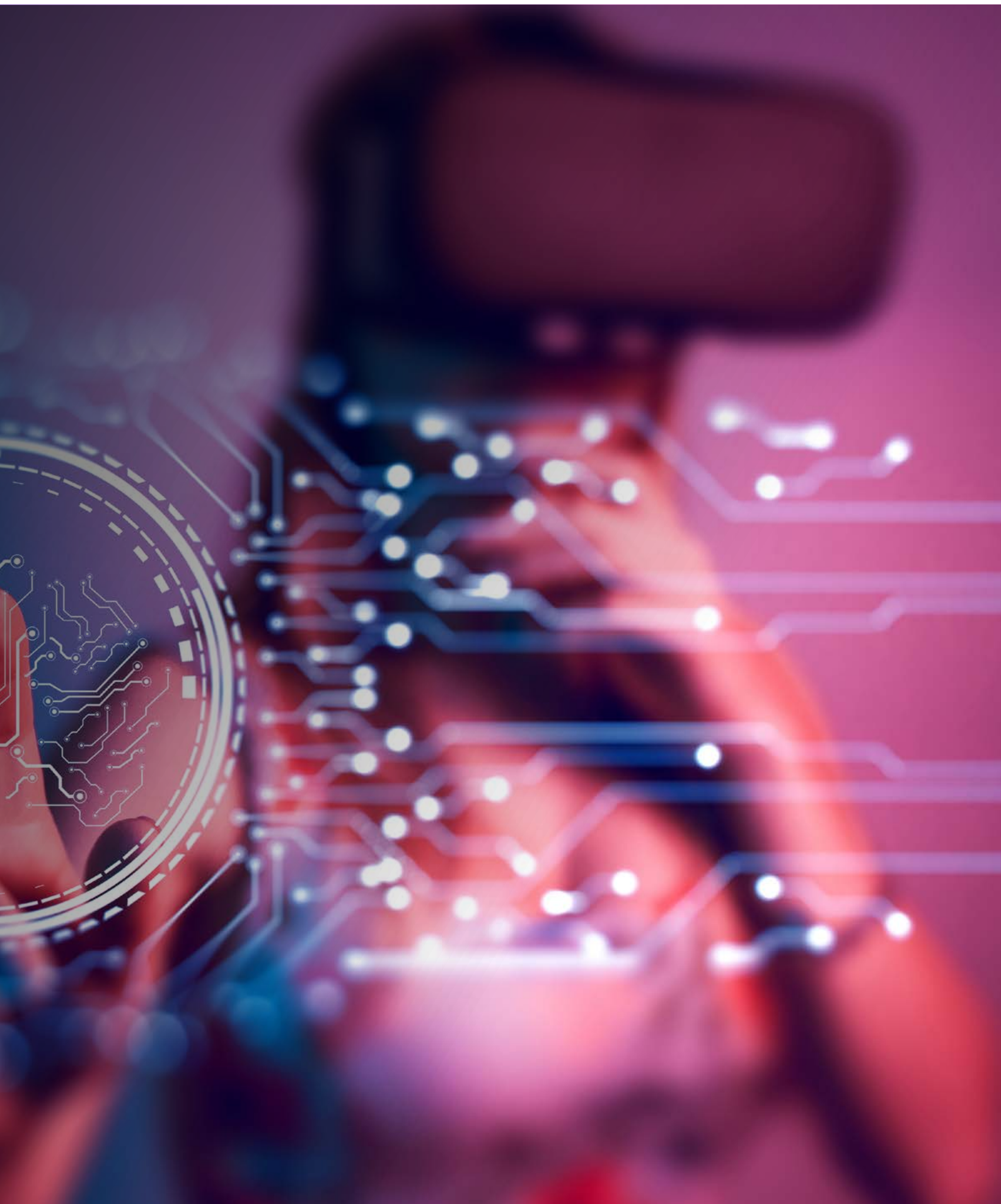
SEAMLESS CITIZEN EXPERIENCE THROUGH  
INTEGRATED GOVERNMENT

# **PART A**

## OUR MANDATE

*Our mandate*

A hand is shown interacting with a futuristic digital interface. The interface features a glowing brain icon within a circular frame, surrounded by intricate circuit patterns and glowing nodes. The background is a dark blue gradient with a bokeh effect of light spots.



## 01

CONSTITUTIONAL  
MANDATES

According to the Constitution of the Republic of South Africa 1996, SITA is subject to the constitutional mandates below as follows:

## 1.1 CHAPTER 1 SECTION 1 (a): **THE RIGHT TO DIGNITY**

Everyone has inherent dignity and the right to have their dignity respected and protected. The right to dignity is reiterated as a founding value of a democratic state alongside equality and freedom. SITA is charged with the responsibility to “improve service delivery to the public through the provision of information technology, information systems and related services”. Citizens have the right to have their dignity respected and protected and must receive efficient public service delivery supported by efficient Information Communication Technology (ICT). SITA believes its effectiveness in delivering on its mandate will contribute meaningfully to the lives of the citizens since ICT is a strategic enabler of public policy outcomes and statutory obligations for the provision of public service to the citizens.

## 1.2 CHAPTER 10 SECTION 195: BASIC VALUES AND PRINCIPLES GOVERNING **PUBLIC ADMINISTRATION**

SITA as an organ of state carries the public service ethos and conducts its business operations governed by the democratic values and principles enshrined in the constitution, including the following principles:

- (a) A high standard of professional ethics must be promoted and maintained;
- (b) Efficient, economic and effective use of resources must be promoted;
- (c) Public administration must be development-oriented;
- (d) Services must be provided impartially, fairly, equitably and without bias;
- (e) People’s needs must be responded to, and the public must be encouraged to participate in policy-making;
- (f) Public administration must be accountable;
- (g) Transparency must be fostered by providing the public with timely, accessible and accurate information;
- (h) Good human resource management and career-development practices, to maximise human potential, must be cultivated; and
- (i) Public administration must be broadly representative of the South African people with employment and personnel management practices based on ability, objectivity, fairness, and the need to redress the imbalances of the past to achieve broad representation.

## 1.3 CHAPTER 13 SECTION 217: **PROCUREMENT**

SITA has since inception been committed to leveraging Information Technology (IT) as a strategic resource for government, managing the IT procurement and delivery process to ensure that the Government gets value for money and uses IT effectively to support the delivery of government services to all citizens. The constitution states that:



- (a) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.
- (b) Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for the following:
  - (i) categories of preference in the allocation of contracts; and
  - (ii) protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- (c) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.

## 2.1 PRESIDENTIAL REVIEW COMMITTEE

In 1996, a Presidential Review Commission (PRC) was appointed to review the structures and functions of government and make recommendations on the transformation of the public service. Chapter 6 of the PRC report, which focuses on Information Management Systems and Technology (IMST) in government, identified a number of challenges. These included the lack of clear roles and responsibilities for IMST in the public sector, lack of co-ordination of IMST initiatives, incompatible systems and architecture that are unable to talk to each other, fragmented investments, duplicate and wastages of resources, insufficient knowledge and skills, and that procurement and development of IMST are not informed by the business objectives and processes of government.

In response to the challenges of government's IMST, the PRC recommended the establishment of an IMST lead agency. Such a lead agency should:

- (a) Procure ICT goods and services, using economies of scale to reduce cost of ICT;
- (b) Develop standards, architectures and strategies to enable systems to exchange information;
- (c) Enhance government productivity through the use of ICT; and
- (d) Focus government ICT provision towards the betterment of citizen-centric services.

In addition, such a lead agency would coordinate the whole-of-government IMST initiatives in relation to a specific set of IMST functions with other participating departments. And, in order to ensure inter-agency cooperation, personnel and resources should be shared on a programme and/or project basis, but ultimately the Minister and senior management responsible for the lead agency would be held accountable for performance.

## 2.2 STATE INFORMATION TECHNOLOGY AGENCY ACT, **88 OF 1998**

Following the PRC recommendations, SITA was established in April 1999 through the SITA Act 88 of 1998 and is registered as a Schedule 3A Public Entity, which is self-sustaining and self-funding, and government is the sole shareholder. The Minister of Communications, Telecommunications and Postal Services exercises the custodian rights attached to the shareholder on behalf of the state.

The Agency was established with a core mandate to provide IT services to government and arose from the amalgamation of a number of entities, listed below, which had different operating methods, procedures, skills sets, infrastructure and technologies that had to work together seamlessly in order to deliver on its mandate:

- (a) Infoplan (Pty) Ltd, the ICT service provider to Department of Defence;
- (b) Central Computer Services of the Department of State Expenditure; and
- (c) Sub-component information systems within the Department of Safety and Security.

The mandate of SITA as stated in the Act is as follows:

- (a) **To improve service delivery to the public** through the provision of information technology, information systems and related services in a maintained information systems security environment to departments and public bodies; and (b) **to promote the efficiency of departments and public bodies** through the use of information technology.

**SITA is guided by all public services legislation and regulations in executing its role, including but not limited to:**

- (a) Electronic Communications Act, 36 of 2005;
- (b) Public Finance Management Act, 1 of 1999;
- (c) Companies Act, 71 of 2008;
- (d) Public Service Act, Proclamation 103 of 1994;
- (e) Broad-Based Black Economic Empowerment Act;
- (f) Electronic Communication and Transactions Act, 21 of 2002;
- (g) National Key Points Act, 102 of 1980, ;
- (h) Preferential Procurement Policy Framework Act, 5 of 2000;
- (i) Government IT House of Values, as contained in the e-Government Policy;
- (j) The Machinery of Government (May 2003);
- (k) Minimum Interoperability Standards (MIOS); and
- (l) Minimum Information Security Standards.

The figure below depicts the current 'must' and 'may' services that SITA provides in order to achieve its mandate. These however will be refined to ensure alignment with the amended SITA Act as a result of the repurposing of SITA.

Furthermore, the SITA service catalogue will also be refined to include services that are relevant within the era of digital transformation and this will be realised as a result of this medium term strategic plan.

## SITA MUST



Private Telecoms Network Act, Sec 7 (1)(b)(i)



Standards (Interoperability & Security) Act, Sec 7 (6)(a)(i), (ii)



Transversal Systems Act, Sec 7 (1)(b)(ii)



Certify against Standards Act, Sec 7 (6)(b)



Transversal Data Processing Act, Sec 7 (1)(b)(iii)



IS Convergence Strategy Regulation, Sec 4.1.1 (a)



Information System Security Act, Sec 6 (a)



IS Inventory Regulation, Sec 4.6



Disaster Recovery Plan Regulation, Sec 4.1.2



Research Plan Regulation, Sec 4.1.1



Procurement Act, Sec 7 (3)

## SITA MAY



Department ICT Training Act, Sec 7 (1)(b)(i)



Advisory Services Act, Sec 7 (1)(b)(v)



Department System Development Act, Sec 7 (1)(b)(ii)



ICT Management Services Act, Sec 7 (1)(b)(vi)



Department ICT Maintenance Act, Sec 7 (1)(b)(iii)



Provide Authentication Products Act, Sec 7(6)(c)



Department Data Processing Act, Sec 7 (1)(b)(iv)



Do ICT Research Act, Sec 7(6)(d)

Figure 1: SITA must and may services

03

INSTITUTIONAL POLICIES AND STRATEGIES  
OVER THE FIVE YEAR PLANNING PERIOD

SITA seeks to enable the attainment of the public policy outcomes, government priorities and other relevant policies. The mandate of SITA positions it to play a significant role across all spheres of government. This section provides key policy imperatives and strategies that are critical to the strategic direction and outputs of SITA.

### 3.1. GOVERNMENT PRIORITIES

Information Communication Technology (ICT) still remains a strategic enabler of public policy outcomes and the statutory obligations for the provision of public service to citizens. The National Development Plan (NDP) 2030 and the government medium-term strategic framework define national priorities which have been taken into consideration when developing the new strategic direction. SITA's contribution cuts across all seven priorities due to the nature of its mandate.

The NDP petitions SITA to “...make services more accessible, reduce the cost of accessing services, streamline administrative processes and improve turnaround times, and strengthen accountability and responsiveness. To achieve these objectives, it is important that IT systems are tailored to specific areas of service delivery. Government will therefore identify and prioritise those areas where IT has the greatest potential to improve access to services.” Furthermore, outcomes of the NDP 2030 were established with the values and principles as enshrined in the Constitution and this is central to SITA's strategic intent to utilise ICT as a tool to solve the socio-economic challenges and improve the lives of citizens.

**The NDP encapsulates the vision to:**

- (a) Eliminate poverty,
- (b) Reduce inequality and unemployment,
- (c) Propose specific policy actions, and
- (d) Set targets and identify mechanisms for effective implementation.

The figure below depicts the aspirations of the NDP Vision 2030.

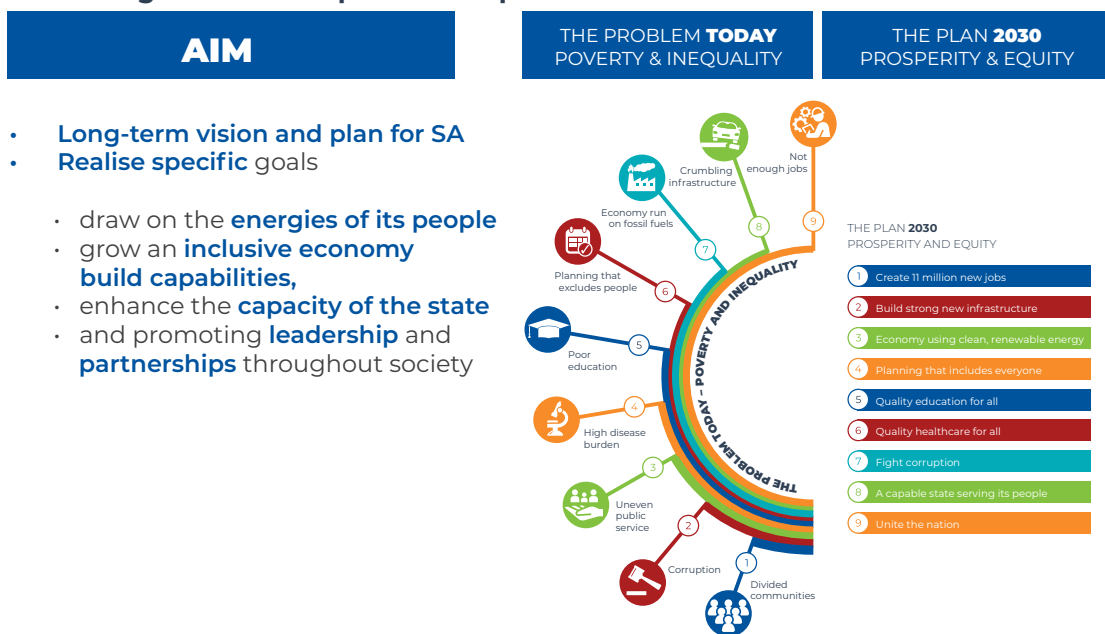


Figure 2: NDP vision 2030

## 3.2 ICT HOUSE OF VALUES

The Department of Public Services and Administration (DPSA) formulated the ICT House of Values, which defines the role and focus of SITA in the context of a government-wide Information Technology (IT) strategy. Furthermore, the national e-government strategy and roadmap reiterates that the pillars in the ICT House of Values are the required prerequisite for successful implementation of e-government initiatives. SITA subscribes to the principles of the ICT House of Values and aims to apply them in its strategic initiatives and business operations. The figure below depicts the ICT House of Values.

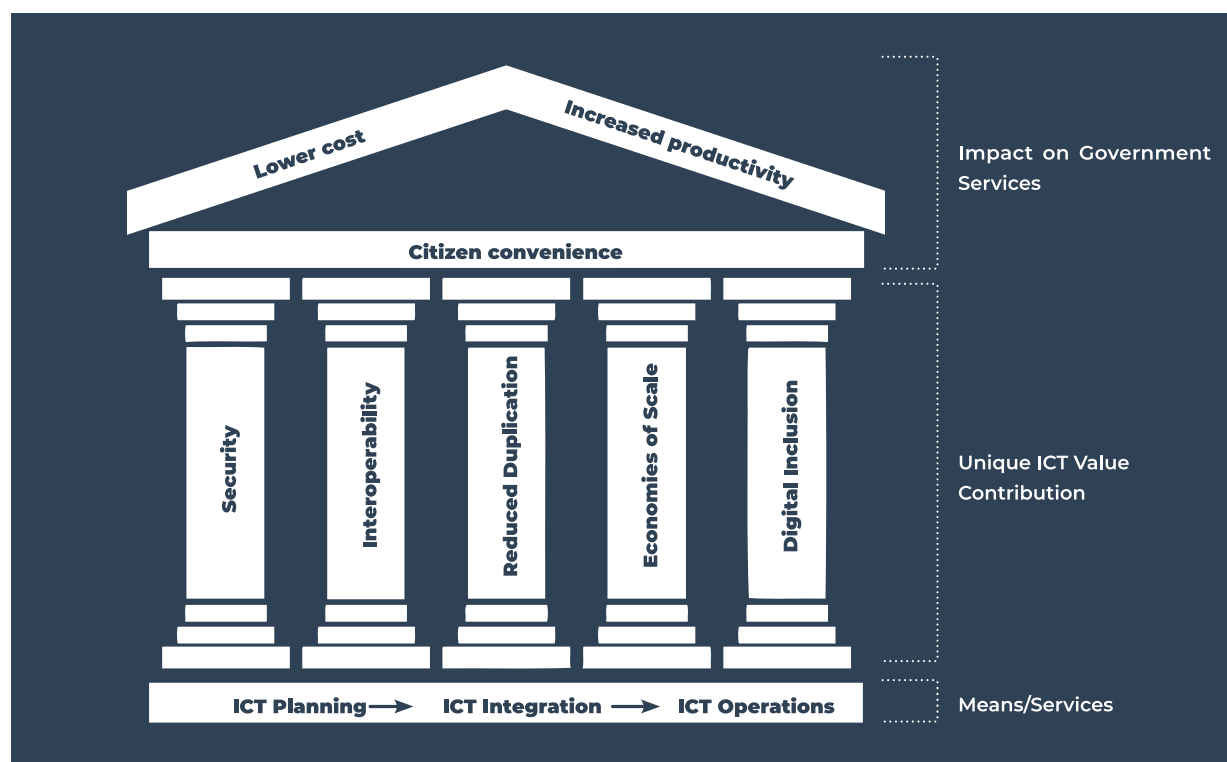


Figure 3: ICT House of Values

The ICT House of Values comprises of foundational values, pillars and a ‘roof’, which can be defined as follows:

- a. The ‘roof’ signifies the impact of ICT on public sector operations, which are:
  - (i) **Lower costs** – by reducing time, complexity, repetition and duplication of tasks.
  - (ii) **Increased productivity** – by improving the quality and quantity of traditional public sector outputs or introducing new processes to deliver services that were previously not possible.
  - (iii) **Citizen convenience** – (Batho Pele Principles for information oriented services) - by offering equal access to government information services’ quality and privacy, remedying failures and proving value for money.
- b. The ‘pillars’ signify the principles that must guide the value that SITA should contribute to the public sector ICT acquisition, which are:
  - (i) **Information Security** - ensure that information systems operate in a maintained security environment, set standards for security and certify compliance of goods and services with those standards.
  - (ii) **Interoperability** – ensure that information systems can interconnect and exchange data by setting standards for interoperability and certify goods and services for compliance with those standards.

- (iii) **Reduce Duplication** – eliminate unnecessary duplication of ICT goods or services, and compile and maintain an up-to-date inventory of all information systems of departments.
  - (iv) **Economies of Scale** – leverage economies of scale to provide cost-effective services (i.e. use collective purchasing power of departments to negotiate lower unit prices from industry).
  - (v) **Digital Inclusion** – by promoting the South African information technology industry, with a particular emphasis on BBBEE, labour absorption, and stimulation of economic growth and skills development in (ICT of especially poor communities in South Africa).
- c. The ‘foundation’ signifies the broad category of the means by which SITA should contribute to the ICT House of Values, as follows:
- (i) **ICT Planning** – set direction for ICT and to validate/certify conformance to and performance thereto.
  - (ii) **ICT Integration** – provide and develop ICT systems and technology infrastructure into an integrated ICT solution.
  - (iii) **ICT Operations** – ensure that ICT systems and technology infrastructure are maintained in a reliable, available and secure environment.

### 3.3 NATIONAL INTEGRATED ICT POLICY WHITE PAPER

The National Integrated ICT Policy White Paper outlines the overarching policy framework for the transformation of South Africa (SA) into an inclusive and innovative digital and knowledge society. The policy indicates SITA should, among other things, focus on: providing transversal services for digital government; developing and managing an integrated digital government services platform; determining digital norms and standards for the digital service platform; and developing and managing the one-stop government portal/s.

### 3.4 NATIONAL e-GOVERNMENT STRATEGY AND ROADMAP

The strategy aims to digitise government services while transforming SA into an inclusive digital society where all citizens can benefit from the opportunities offered by digital and mobile technologies to improve their quality of life. Also, to optimise service delivery that provides access to government information and services anytime and anywhere. The strategy indicates that there is a need to define a new role for SITA as a digital transformation entity in the implementation of this national e-government strategy and roadmap. The delivery of government services would therefore be mandatory for SITA especially at national and provincial level. This role also supports the vision of the National ICT Integrated Policy White Paper, which accentuates the need to develop a national framework for transforming SA into an inclusive digital society where all citizens, and particularly the poor, can benefit from the opportunities offered by digital technologies to improve the quality of life targeting all citizens and in particular the poor.

### 3.5 STATE OWNED COMPANY (SOC) RATIONALISATION

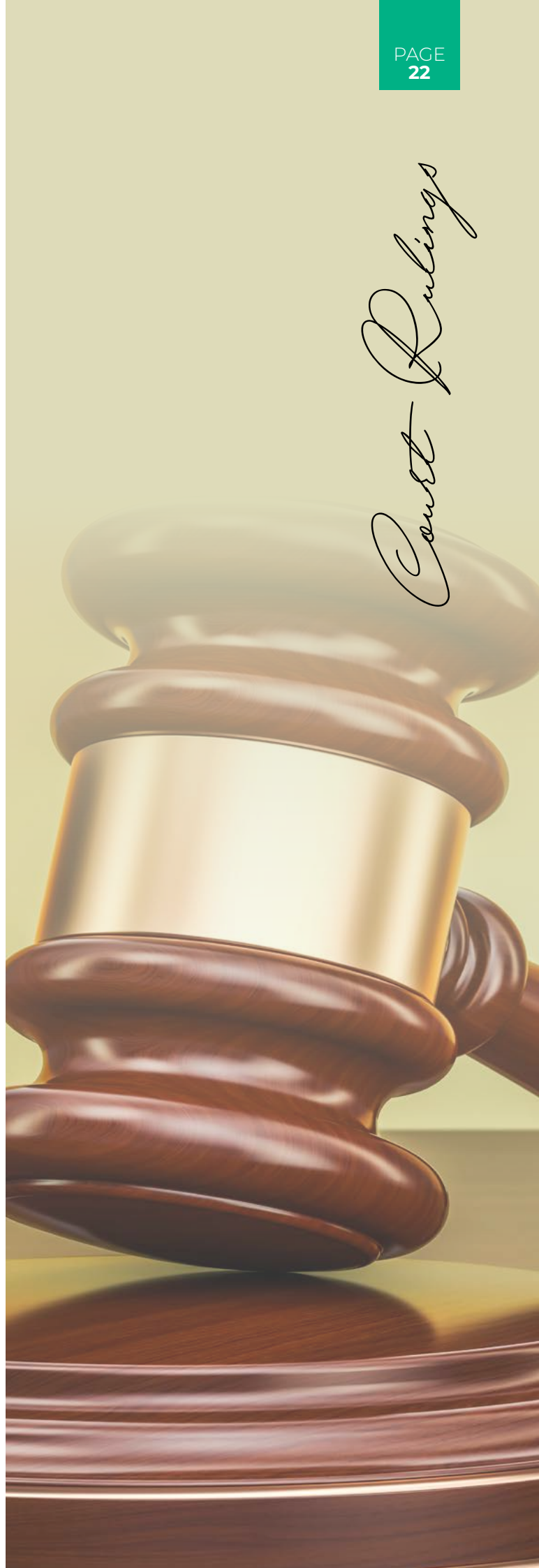
Following a proclamation by various policy documents such as PRC, NDP, SA Connect and the ICT Policy White Paper, the Department of Telecommunications and Postal Services (DTPS) initiated a project to rationalise the SOCs under its portfolio. The SOC rationalisation process envisioned the change in the delivery of government services through the effective use of ICT to citizens and seeks to harmonize available enterprise capabilities so they can be streamlined for efficiency in the best interest of service delivery. DTPS recommends the formation of the State Infrastructure Company and the State Information Technology Company i.e. the reconfiguration of the current SITA.

# 04

## RELEVANT **COURT RULINGS**

Currently there are no specific court rulings that have a significant, ongoing impact on the operations or service delivery obligations of SITA.

*Court Rulings*



# **PART B**

# OUR STRATEGIC FOCUS

*Strategic focus*







## 01

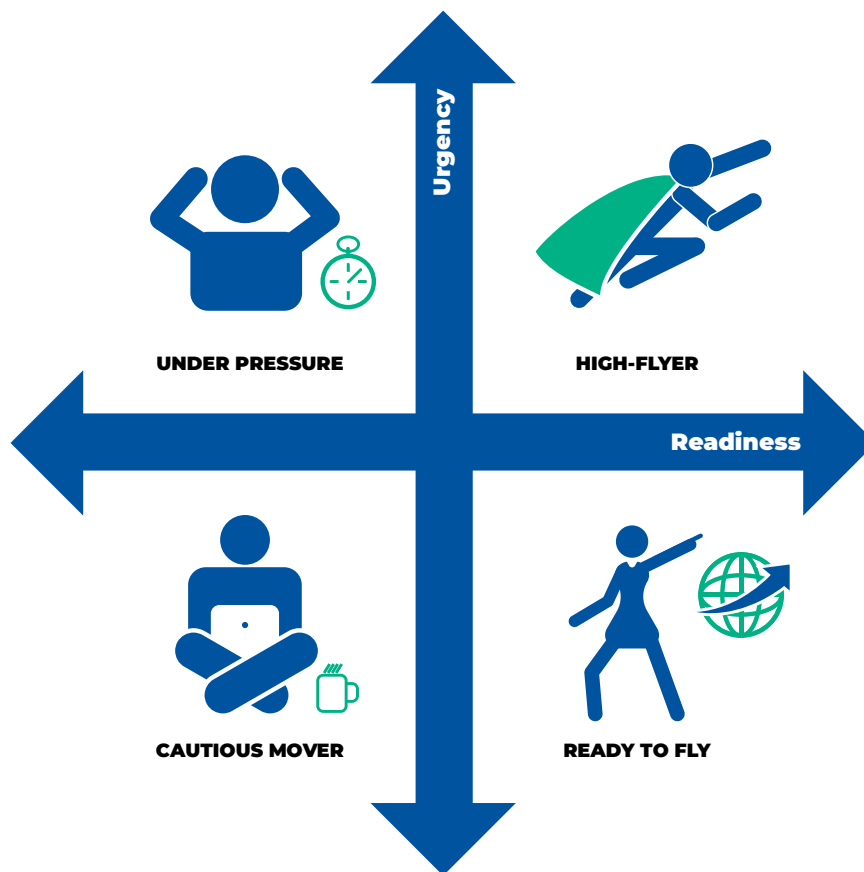
## SITUATIONAL ANALYSIS

The year 2019 marked 25 years of freedom for South Africa (SA) and this presented an ideal opportunity to learn from both successes and challenges and use the latter to develop strategies that will accelerate the country's progress towards the outcomes of the NDP2030. Though substantial progress has been achieved in some of the priorities there still remains a lot of work to be done to address issues of public service delivery, poverty, job creation, economic development, amongst others. These issues are not unique to SA as governments across the globe are facing increasing expectations from citizens to deliver more innovative and responsive services, while dealing with strong pressures to consolidate public finances while remaining globally competitive and growing the economy.

The NDP2030 emphasises that the use of digital communications has the ability to change society and is potentially a powerful means of fostering social inclusion. Digital service delivery requires the streamlining and integration of government service delivery processes to provide relevant and faster information and services to the SA information society, including its citizens, businesses and industry alike, and a more efficient government administrative function to improve management and accounting over scarce government resources. The imperatives for governments to transform public service design and delivery provide a compelling context for greater use of digital technologies.

SITA's role is more pertinent, since government's ability to deliver public services in particular to its citizens is dependent on the effective and efficient performance of SITA. In order for the Agency to respond to this service delivery expectation, it is imperative that radical solutions be prioritised to longstanding institutional challenges i.e. client dissatisfactions must be proactively managed, gaps in internal organisational capabilities and processes must be bolstered to deliver an improved service delivery experience, the outdated pricing model requires development of a new SITA funding model that promotes competitive pricing, inconsistent and stifling workforce culture beliefs to be eliminated to allow emergence of a revitalised healthy organisational culture and too frequent changes in top leadership must be eliminated to achieve stability and enhance sustainability. Implementing the necessary aforementioned shifts in various areas of SITA business will result in positioning the Agency as a thought leader and the 'go to' entity for all ICT services as government implements its digital transformation strategy.

Adapting to the digital future requires careful selection and sequencing of priorities and projects in order to progress the digital transformation agenda. The first consideration is to determine the government's readiness level (i.e. capacity to respond to customer demands and the availability of resources to digitise and optimise government systems). The second consideration is the degree of urgency for digital transformation (i.e. the external and internal pressures). The figure below depicts the Gartner urgency and readiness matrix, which gives a recommended course of action for digital transformation and digital maturity over the coming one to five years.



**Figure 4: Urgency and Readiness for Digital Transformation**

There are four types of strategies to adopt to start the digital transformation journey:

- (a) **High-Flyer:** There is a high urgency to transform with a high degree of readiness for digital transformation (quadrant 1, upper right).
- (b) **Under Pressure:** There is high urgency to transform, but with a low degree of readiness (quadrant 2, upper left).
- (c) **Cautious Mover:** There is a perception of low or manageable urgency and with a low degree of readiness (quadrant 3, lower left).
- (d) **Ready to Fly:** There is a perception of low or manageable urgency but with a high degree of readiness (quadrant 4, lower right).

An assessment was conducted in October 2018 to determine the SA state of readiness to adopt digital transformation within public service and the interim results indicate that the SA government falls within quadrant 2 (i.e. Under Pressure) with the need to cautiously move towards the 'High Flyer' quadrant. In this regard, SITA is expected to develop an execution strategy that enables government to start the digital transformation journey as depicted in quadrant 2. This will involve taking smart ideas and making smart technologies in order to create better value for the consumer of public services through digitisation.

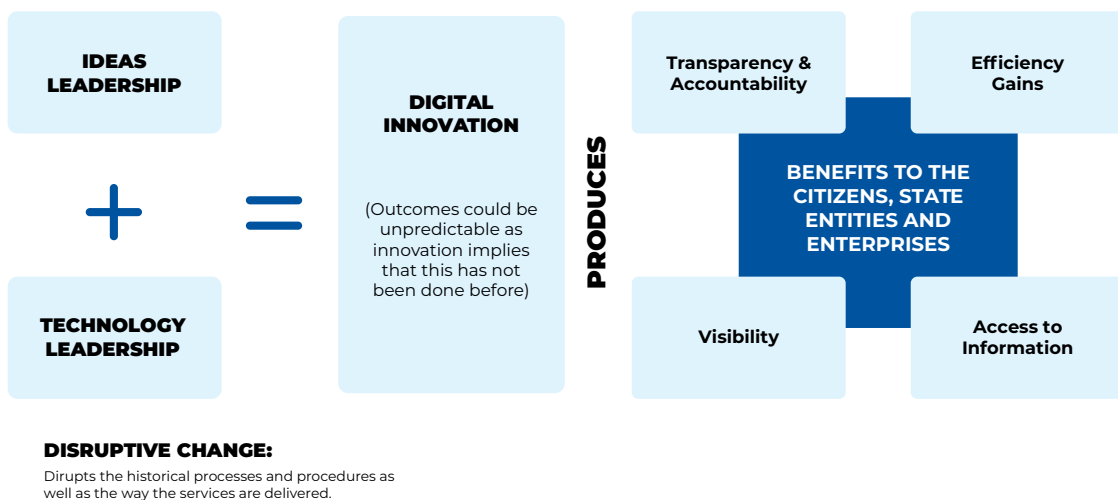
There are a host of challenges facing the digital sphere that necessitate digital governance to underpin the SA Government's digital transformation strategy; thereby ensuring effective implementation of the strategy within the entire ecosystem of government in a focused manner through empowered teams.

Improving governance arrangements for pursuing a digital government agenda include the following:

- (a) Securing leadership and political commitment to drive the strategy through multiple efforts aimed at promoting inter-ministerial coordination and collaboration, engagement and coordination across levels of government; maintaining coherence in the use of digital technologies that are integrated across policy areas and levels of government;
- (b) Maintaining coherence in the use of digital technologies that are integrated across policy areas and levels of government;
- (c) Establishing strong organisational and governance frameworks to coordinate implementation of the digital strategy, with appropriate checks and balances; and
- (d) Strengthening international cooperation to better serve citizens and businesses across borders, and maximise the benefits that can emerge from international digital strategies.

The Presidential Commission on 4IR seeks to assist government in taking advantage of the opportunities presented by the digital industrial revolution. This Commission which is sponsored by the President is tasked to identify relevant policies, strategies and action plans which will position SA as a global player.

Implementation would therefore require SITA as the ICT Agency of government to ready itself for disruptive change within the organisation, as historical processes and previous modes of operations will be disrupted through this innovation, thereby impacting skills, processes and support capabilities, among others. The resultant benefits to citizens, state entities and enterprises will include transparency and accountability, efficiency gains, access to information and visibility, as depicted in the diagram below:



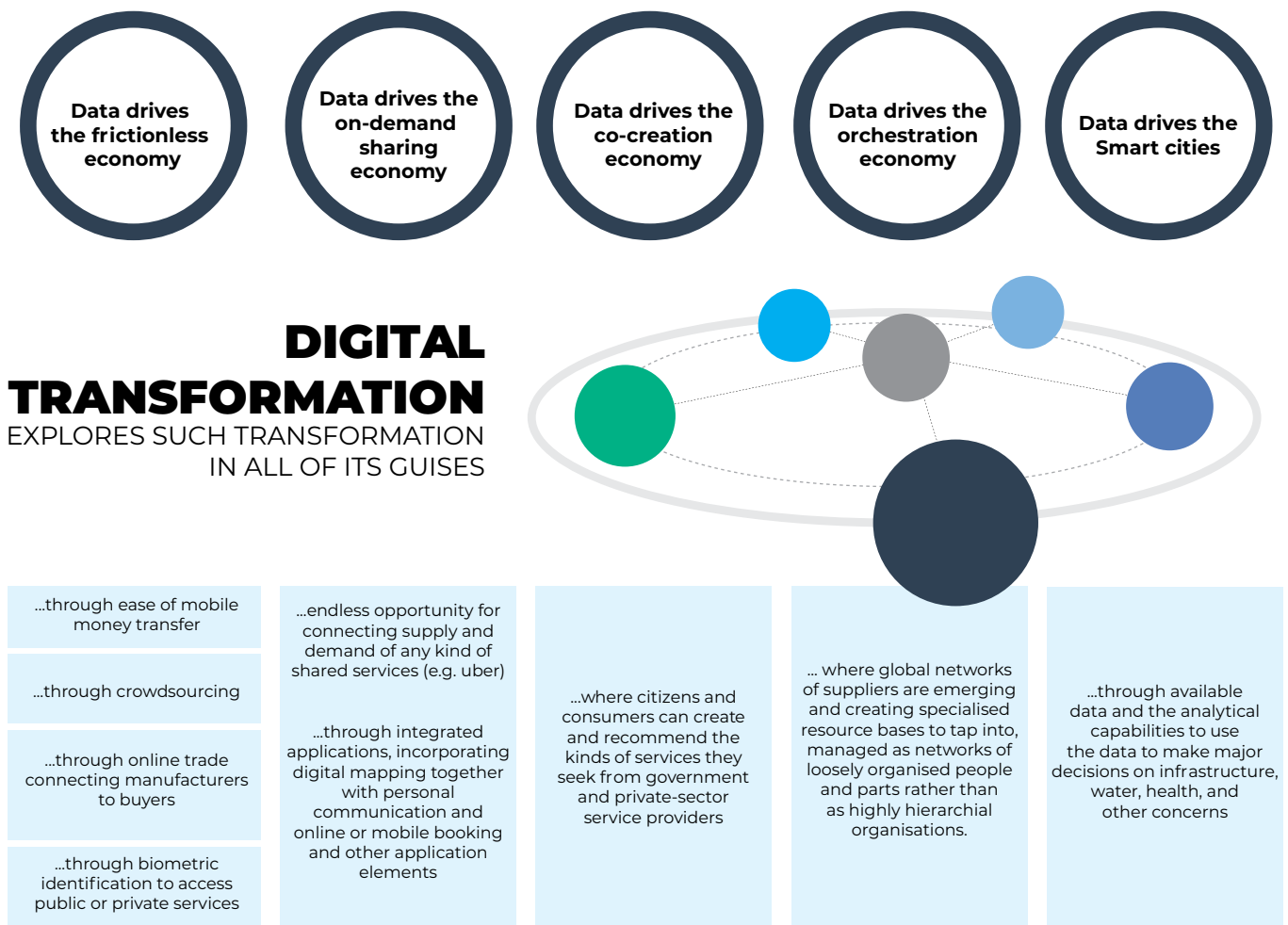
**Figure 5: Digital Innovation Creating Enhanced Benefits**

Given its far reaching impact, digital transformation has placed the public sector worldwide under increasing pressure to adopt new technologies. Governments risk missing out on the potential offered by emerging solutions should they not be strategic and purposeful in their digital efforts. To ensure that the SA Government is not left behind, the DPSA has led the development of a digital transformation strategy for government. The realisation of this strategy requires focused initiative by sectors within the SA economy to address our developmental challenges through the use of technology.

SITA endeavours to execute strategic programmes aimed at optimising and transforming government services and make government itself a digital organisation. To this end, SITA has adopted a digital transformation model that seeks to enable government to achieve its public policy outcomes, resolve socio-economic challenges and create value through the use of ICT.

Digital transformation activities are centred on data and the automation of business processes to continuously enhance the machinery of government for service delivery. Successful implementation requires a data-driven culture in the public sector that allows for risk-taking, collaboration and innovation, and a willingness to learn how to employ digital trends and technologies in order to contribute to such a culture.

This will create practices and solutions, of which the intellectual property generated remains in the ownership of the state. Data strategy and governance, therefore, remains an important aspect. Data is the constant moving part and fuel of digital transformation. It is aimed at building digital services that create value in various contexts of the economy, such as providing better insights for leadership decision-making and citizen empowerment. This is depicted in the figure below:



**Figure 6: Exploring Digital Transformation in a Data-Driven Economy**

Furthermore, government digitilisation, as depicted in the diagram below, enables SITA to view the systems in the context of various public service value chains and the identification of roles and responsibilities of different members of a context ecosystem. This understanding of the public service end-to-end value chain mirrors the strategic intent of the NDP2030 to provide government services that consider all elements in the lifecycle of a citizen as they interact with government. (A case in point is the analogy of the “NDP2030 Thandi Story”.)

Digitisation will also equip SITA to build incremental, integrated value at different levels of the business and technology stacks - moving towards a completely new paradigm in public service delivery. This poses a new paradigm shift within the SITA environment and requires SITA to have social consciousness, which is becoming the new driver for our public service ethos in crafting relevant problem statements, designing smart business solutions and implementing enduring technologies that meet government outcomes.

Digital service delivery will require the streamlining and integration of government service delivery processes to provide relevant and faster information and services to the SA information society (including its citizens, businesses and industry alike) and a more efficient government administrative function to improve management and accounting over scarce government resources.

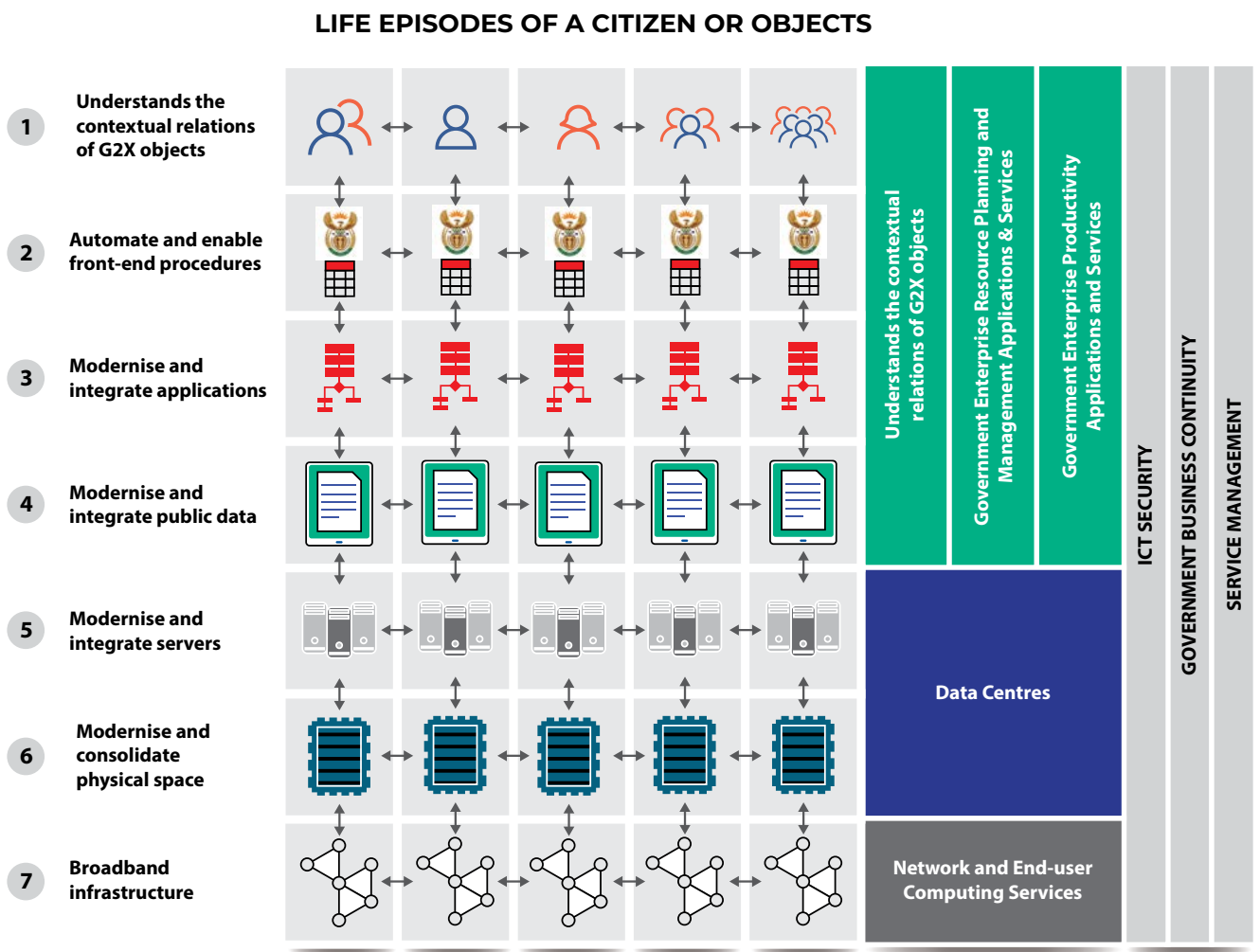


Figure 7: Digitilisation of Government

Implementation of the new paradigm shift started in the previous strategic cycle where SITA introduced a programme to modernise its infrastructure environment thereby implementing the Government Private Cloud Ecosystem (GPCE), which is a fundamental building block in the quest for digitising government. Moreover, SITA has established an application development capability to fast-track the implementation of the e-government strategy. The modernisation was supported by a revised business model which created a consulting capability supported by subject matter experts (who have a clear and thorough understanding of the contextual relationships between government and the various objects under its management throughout the life of those objects) to provide thought leadership to government and drive public service value.

The diagram below depicts the strategic streams for successful digital transformation, namely: digital leadership; policy and regulatory environment; learning and human resource capacity; innovation outputs for socio-economic advancements; and innovation in network structures and digital platforms. Closely knit to the successful implementation of digital transformation projects is a workforce equipped with the right digital skills, which must go beyond mere technical skill sets. Government must look at new sources of talent and build a workplace that offers work experience in line with the aspirations of the millennial. There is a need to empower employees by creating a work environment where employees have a sense of purpose, are able to harness integrity, and be part of multi-generational teams that allow for expertise without boundaries.

**Digital Economy**  
An economy where digital technologies are a primary resource for economic activity and where digital innovation adds value to productive processes, whether for the creation of goods or services

**Digital Transformation**  
DT is more than just a simple digital solution. It is a fundamental change in the sector as a whole

Innovation in network structures and digital platforms

Innovation outputs for socio-economic advancements

Learning and Human Resource Capacity

Digital leadership policy and regulatory environment

DIGITAL LEADERSHIP	
Policy setting and defining rules are two of the most important aspects	
<b>POLICY</b> Leadership of DT can be exercised through making policies that unlock strategic thinking and doing the necessary for advancement	<b>REGULATION</b> Providing "clear rules of the game" for all players by establishing:  * Rules for competition protection * Rules for consumer protection * Rules for pricing of services * Rules for universal access to services  All these rules create an environment of trust in which the consumers are eager to adopt new services, as risks are minimized (e.g. loss of money or paying for poor service and products)
<b>Direction:</b> Provide guiding ideas for radical societal change, reduce barriers to change. Government signals the desire to change - i.e. DT of society and economy	
<b>Funding:</b> Direct major funding of the national budget towards particular policy choices (e.g. broadband, digital health, digital education, etc.	
<b>Collaboration:</b> Encourage public-private sector collaboration where public sector is the consumer of digital services and private sector is the provider of infrastructure and services.	<b>Electronics Communications Sector Regulator (DTPS):</b> Responsible for licensing fixed and mobile operators, broadcasters and internet Service Providers. It is also responsible for regulating particular aspects of competition, pricing consumer protection and other fixed and mobile markets (general regulators responsible for rule making in all economic sectors)
<b>Limits:</b> Sets the goals and objectives that government wishes to achieve and a few broad guidelines on how to get there. However, must remain technology neutral and encourage an open system and Solutions, flexibility and transparency.	<b>Co-jurisdiction:</b> With increasing governance in markets, we observe concurrent jurisdiction of two or more regulators

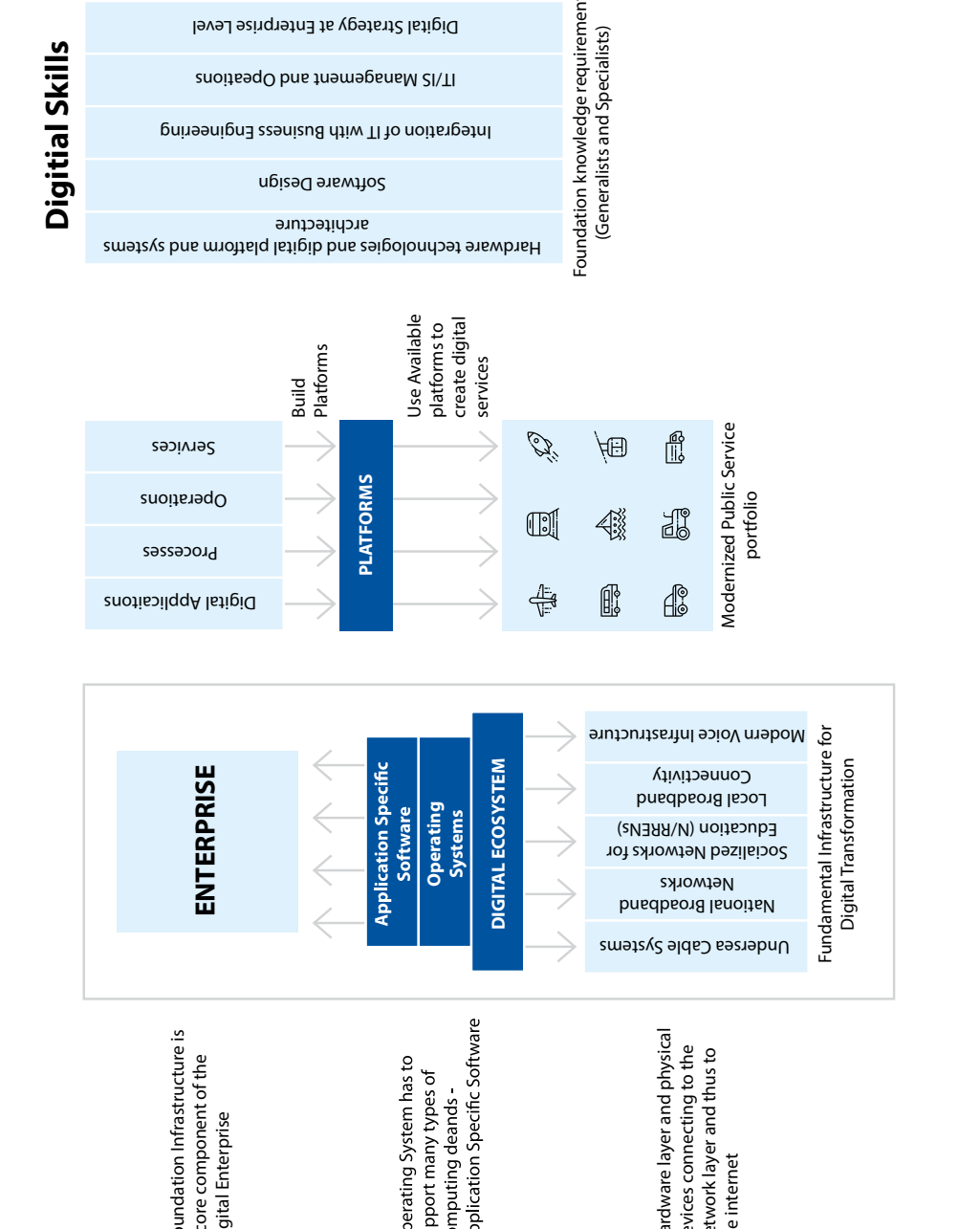


Figure 8: Strategic Streams for Successful Digital Transformation



# 1.1 EXTERNAL ENVIRONMENT ANALYSIS

## 1.1.1 PUBLIC SERVICE DELIVERY

Governments around the world are adopting strategies which transform how they provide public services in a manner that is responsive to the needs and expectations of the citizens and empowers them to execute their obligations more efficiently. Research worldwide has proven that developing countries are optimising and transforming government operations and services through the use of digital technologies. SA lags among its peers in Africa, countries such as Kenya, Nigeria, Rwanda and Egypt continue to derive the benefits that technology adoption adds to economic growth and social development. To illustrate, Kenya is experiencing digital transformation by recognising the power and importance of cloud-driven technologies through their cloud services and the notable development of money payment platforms like the M-Pesa. Rwanda is also leveraging on digital technologies, it is the first country to use drones to transport blood and vaccines to places where they are needed most.

The UN e-Government ranking which measures how digital technologies and innovations are impacting the public sector and transforming people's everyday lives, indicate that SA remains one of the most competitive countries in sub-Saharan Africa and is ranked at position 61 out of 137 countries (refer to government ICT ranking below for more details). SA has adopted the national e-Government strategy which aims to digitise government services while transforming into an inclusive digital society where all citizens can benefit from the opportunities offered by digital and mobile technologies to improve their quality of life. In support of the national e-Government strategy, SITA being the driving force behind the continued digitisation of public sector has developed the e-Government strategy. SITA has, therefore, launched a focused initiative to address SA's developmental challenges through technology that will:

- (a) Support achievement of NDP initiatives through ICT;
- (b) Re-used SITA resources to deliver services;
- (c) Make SITA a National Centre of ICT excellence;
- (d) Promote a national culture of digital innovation and;
- (e) Collaborate with state institutions to achieve joint outcomes.

SITA has implemented the e-Government Portal that serves as a single point of entry to government's electronic services and over 10 000 people are registered on the portal.

To date, SITA has implemented more than 100 e-Services in the respective value chains of government enterprise productivity and government business solutions, demonstrating clear socioeconomic value to the citizens.

Although SITA has made strides to improve service delivery to the public through the provision of information technology, there are still challenges in the delivery of public services and they relate to the provisioning of services to citizens and these can be defined as follows:

- **PUBLIC SERVICE ACCESSIBILITY**

Access to public services by citizens is constrained due to restrictive office hours (7:30 to 15:30) and the service delivery mode is mainly "face-to-face". This leads to citizen inconvenience, as

citizens often have to travel long distances to access service delivery outlets and also have to stand in long queues with no guarantee that they will receive services when required.

There are silos in the delivery of the service and there is no integration of systems with a single point of entry. Citizens often have to visit multiple departments for services that could be accessed via the internet. In terms of location, there are poor service distribution outlets in rural areas, which often favour advantaged communities. .

- **INTERNAL EFFICIENCY**

There are multiple ICT strategies across government focussed on information with multiple or duplicate databases across government and no cross-departmental integration. This leads to poor e-government co-ordination and a lack of new technology adoption.

In respect of supply chain management (SCM), demand is not integrated which leads to the duplication of tenders, insufficient transversal procurement vehicles, poor collective negotiation and long delivery timelines.

Employee competency requirements are more administrative, with no strong emphasis on the need to be conscious of the socio-economic challenges and the impact it has on citizens and the economy.

- **EXTERNAL EFFECTIVENESS**

There are long service delivery timeframes, systems are not optimised to bring efficiency, and the processes are more reactive and not responsive to citizens' needs. Government structures dictate how services are rendered and do not consider various business scenarios within the public service "end-to-end" value chains, and how any object interacts with the entire government.

- **SYSTEMATIC CHALLENGES**

Some of the public service systematic challenges which collectively impact negatively on key developmental areas such as the country's economic competitiveness as well as on social cohesion and quality of life include rapid urban expansion, rising costs and poor returns, poor economic outlook, constraints and competing priorities, service delivery backlogs, growing professional workforce, increasing digital demands and the legacy of inequality and poverty.

Research has, as far back as 2013, established that there is a very real digital dividend available to countries that implement e-Government. Subsequent studies conducted over the past few years have similarly reinforced the linkages between digitization and three developmental areas that really matter to the South Africans and these are: economic competitiveness, social cohesion and quality of life, as well as business potential and service delivery levels.

## 1.1.2 GOVERNMENT **ICT RANKING**

The ICT ranking is critical as it is an indicator of how government ICT is contributing to socio-economic growth. The Global Competitiveness Index (GCI) 2017-2018 tracks the performance of 137 countries on 12 pillars of competitiveness. It measures national competitiveness which herein is defined as the set of institutions, policies and factors that determine the level of productivity, which in turn is the main determinant of long-term growth and an essential factor in economic growth and prosperity.

According to the GCI, South Africa (SA) is ranked at position 61 out of 137 countries. SA remains one of the most competitive countries in sub-Saharan Africa. Among the region's most innovative, it ranked at 39th position, but it has dropped 14 positions in the overall ranking when compared to previous years. SA's economy is nearly at a standstill, with GDP growth forecast at just 1.0% in 2017 and 1.2% in 2018. This is further affected by persistently low international demand for its commodities, while the unemployment rate is currently estimated above 25% and rising. Political uncertainty in 2017 has decreased the confidence of SA business leaders. Although still relatively good in the African context, the country's institutional environment is ranked at 76th position, with financial markets at 44th position, and goods market efficiency ranked at 54th position. All these ratings have seen a decline from 2017 survey results, partially due to a structural break (the structure of the sample excluded Tunisia) in the Executive Opinion Survey sample.

The United Nations (UN) E-Government Survey measures how digital technologies and innovations are impacting the public sector and transforming people's everyday lives; this survey is performed every two years and a call for contributions to the 2020 survey is currently underway. According to the 2018 survey, SA's e-government relative ranking declined from position 45 in 2003 to position 101 in 2013, but has subsequently improved to position 68 in 2018. The figure below depicts the SA e-government ranking in comparison to previous years.

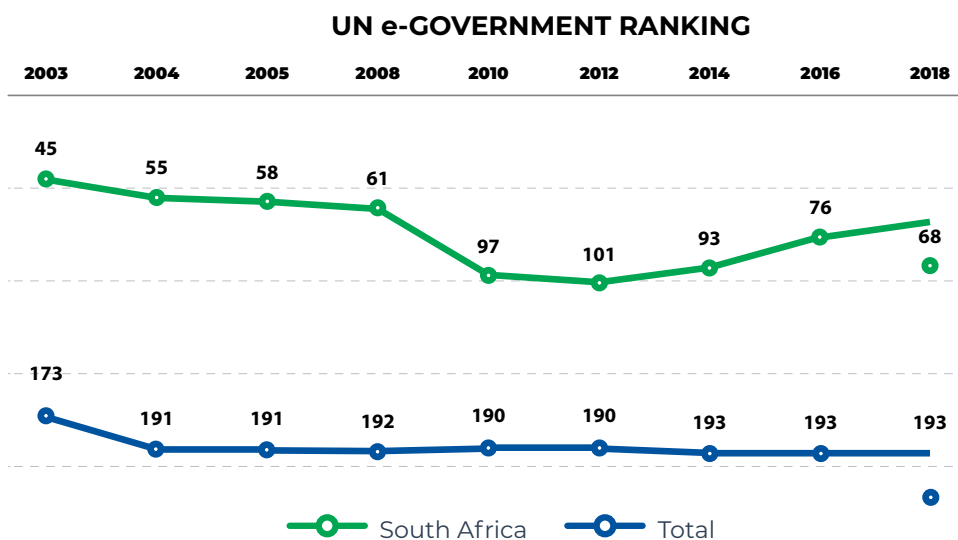


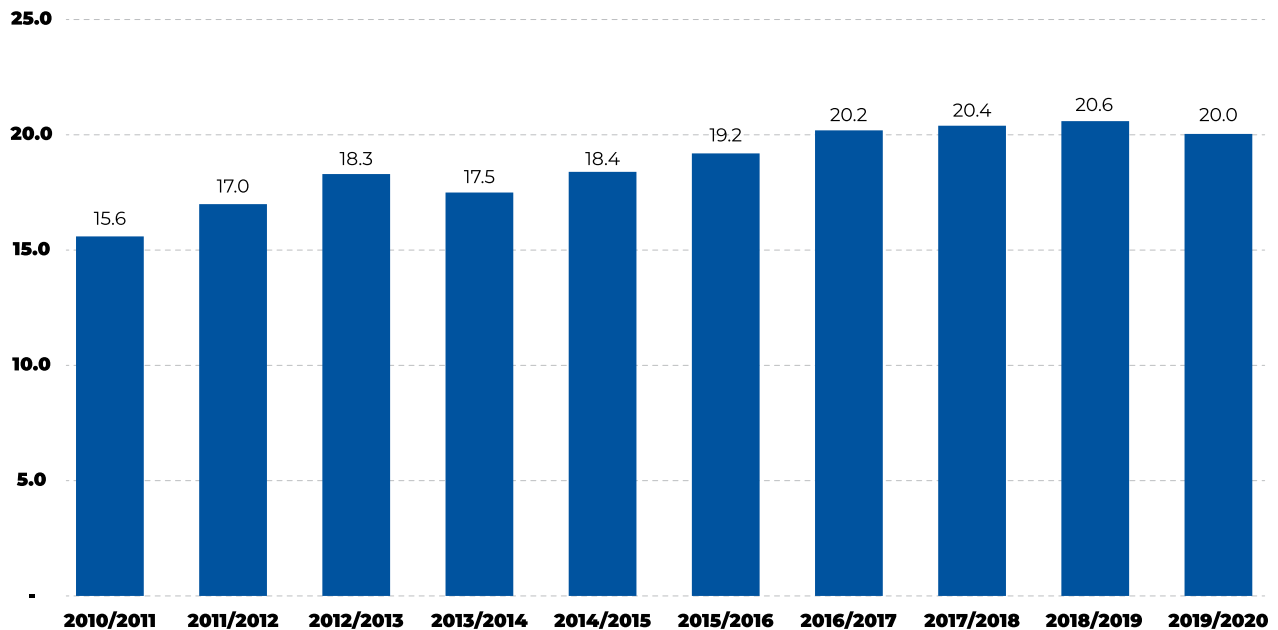
Figure 9: e-Government Ranking

### 1.1.3 GOVERNMENT ICT EXPENDITURE

Government ICT expenditure is growing when compared to other financial years. In 2015/16, the total expenditure was R19.25 billion with a 3% growth in 2016/17 amounting to R19.85 billion, as depicted in the figure below. ICT in SA consumes a relatively large amount of government spending, compared to other countries, however, the outcomes and returns do not correlate with this increased spending.

Developing countries are investing in digital technologies with the aim of ensuring digital inclusion.

The SA government should revise and focus its funding model to enable digital transformation of public service; this would enable SITA to capture a greater portion of government ICT spend resulting in improved sustainability of the Agency.

**NATIONAL AND PROVINCIAL GOVERNMENT ICT (R BILLIONS)****Figure 10: Government ICT Expenditure**

## 1.1.4 FOURTH INDUSTRIAL REVOLUTION

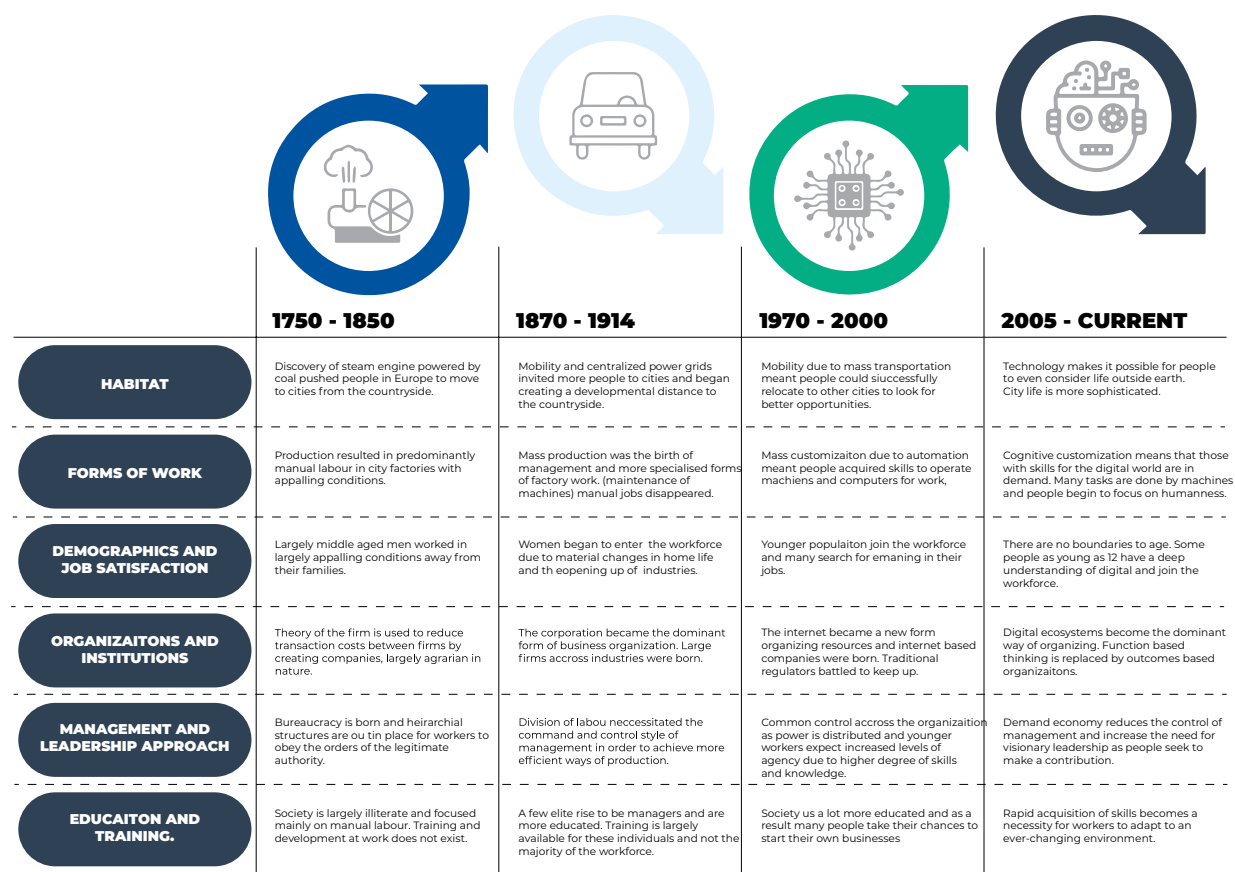
We are now in the advent of the Fourth Industrial Revolution! The merging of cyber-physical systems together with the biological sphere of human life creates unprecedented opportunities for how we live our lives. Whilst this reality traverses all aspects of human life at lightning speed, the inevitable threat of disruption alerts us to the short term negative consequences such as job losses. Despite this reality, an opportunity to unleash South Africa's competitiveness and the wellbeing of its citizens remains within reach. What remains is to unleash our scientific, industrial and creative capabilities towards a sustainable digital future.

Industrial revolutions usher in major socio-economic shifts. At the turn of the eighteenth century, steam was used to power a variety of processes. A key feature of this first industrial revolution is the steam engine which was used as a transport mechanism for locally produced goods. Where people lived and they worked fundamentally shifted. The migration to cities away from villages, as well as the factory-based work were a key feature of most families. As economies evolved, so did the way that people related to each other in the workplace. Management as a science was born to maximize the factors of production for shareholder profits.

The second industrial revolution took place approximately a century after the first. A key driver of this revolution was the invention of electricity. Electricity began to replace steam in industrial production. Another major invention was that of electric motors, which led to assembly lines and mass production. This was a key feature of management practices across industries. The invention of electricity changed society in a significant way, giving people the possibility of social and economic lives, after sunset. A variety of industries were born from the additional time that people had.

The third industrial revolution started in the second half of the twentieth century. Igniting this revolution was the advancement in the semiconductor industry. Transistors were invented in 1947 at the Bell labs in the United States of America (USA). The invention of transistors made it possible to digitise and therefore store information easily. This revolution also saw the advent of computers leading to the automation of industries, thus increasing the production and efficiency. Another important invention of the third industrial revolution was the Internet, which resulted in worldwide virtual connection.

The fourth industrial revolution is a result of the confluence of multiple technologies, which have previously existed in isolation. For this reason, the 4IR is characterised as the union of the digital, physical and biological worlds. The 4IR is about modes of production that entail developing new technologies as well as new business models. Constantly evolving, these technologies have both household and industrial applications and are increasingly interfacing with and, in fact, penetrating the human body, altering the physical and philosophical boundaries between the human and the non-human. Figure 1 illustrates the evolution of the various industrial revolutions over time.



**Figure 11: Evolution of Industrial Revolutions**

The state's role in the 4IR does not differ to previous industrial configurations. In fact, given the impact of the anticipated change, the state's role has become more central. This is reflected in the 4IR strategies of competing economies, who understand the state's centrality in guiding innovation, determining areas of excellence, creating the necessary infrastructure and transforming legislation to reflect the emergence of new forms of capital, such as data.

4IR challenges all Governments to ensure that their citizens benefit from the opportunities ushered in by key technologies such as Artificial Intelligence, Internet of Things, Blockchain and Quantum Computing. As a key contributor to the objectives of the Department of Communications and Digital Technologies, SITA must lead the way in ensuring that Government has the capacity to realise a digitally transformed South Africa. As a key enabler to providing services to citizens that leverage digital technologies, SITA must ensure it provides scalable digital platforms for both universal services as well as services that are unique to individual Government departments.

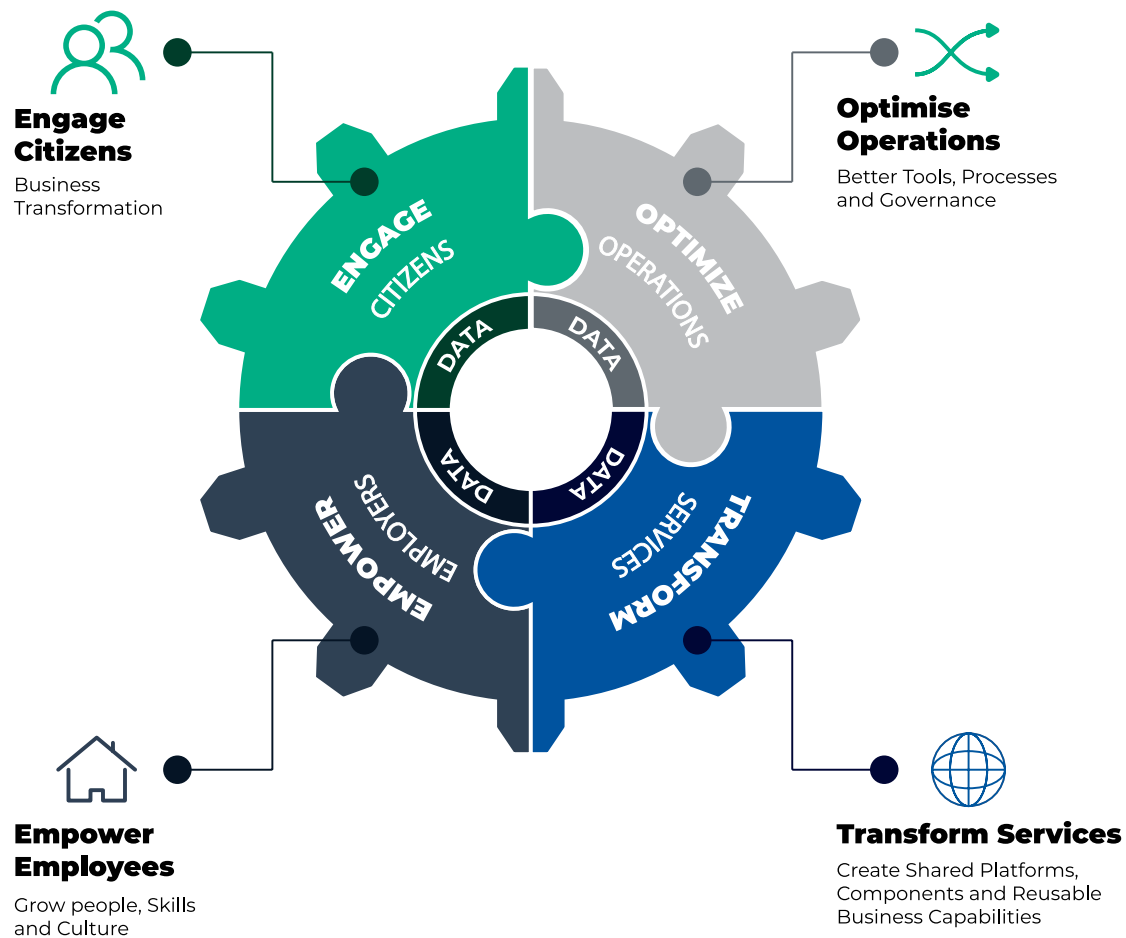
## 1.1.5 DIGITAL TRANSFORMATION IN THE **FOURTH INDUSTRIAL REVOLUTION**

Digital transformation is the profound transformation of business and organizational activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact across society in a strategic and prioritized way, with present and future shifts in mind. Within the context of the Fourth Industrial Revolution, the scope and speed of digital transformation has significantly increased. Companies across all industries are facing ever-increasing chances of disruption.

Digital transformation is a critical pillar of 4IR. Government needs to provide leadership and convince Business, Academic institutions, SMMEs, Parastatals and NGOs to embrace digital transformation starting with the adoption of Cloud Computing and AI technologies. South Africa must assume the position of being a recognized digital node of the continent that is integrated to the global grid of hyperscale data centres. Participation at this global level requires international traffic carrying submarine cables to not only land but also connect our coastal towns and cities to Hyper-scale data centers in South Africa and abroad. This local Hyper-scale data center network in the coastal towns together with the grid of High-Performance Computing facilities would provide government with the required supercomputing capacity and virtual machines capacity.

In order to capture this opportunity, a capable Government entity needs to be champion of implementing these cutting edge technologies as scale. The ability to implement cloud computing technologies and providing compute and storage resources on demand would create the much-needed capability to quickly digitize Government and enable new citizen services.

An organisation that seeks to enable the competitiveness, growth and development of a country's economy needs to have a firm grasp of how digital technologies will change the dynamics of traditional supply and demand economics in the market place. Moreover, for a company that invests heavily in infrastructure and foundational assets on top of which other organisations can create value. SITA has become and will continue to be the backbone of the South African Government and increasingly, the South African economy. The South African Public Service will rely on SITA's ability to use technology to enable citizens, optimize operations, empower employees and transform services as illustrated in below:



**Figure 12: Digital Transformation Model for SA Public Service**

Digital transformation is about leveraging a hyper-connected world where information flow and access happens at lightning speed for all stakeholders across digital platforms. In order for organisations to thrive in this new digital world, certain skills are required to build and integrate digital platforms through software. This has an impact on workforce skills, where and how the skills are sourced, as well as how people will work in companies such as SITA.

Most organisations know that it is a matter of time before digital technologies have a profound impact on their business model. Where there is a glaring difference is how organisations respond to this inevitability. Too few companies take the time to build capability and the required capacity to take advantage of this digital revolution.

Digital transformation requires that organisations invest in knowledge-driven digital skills first before they go out to source tools that will be used inside the business. The digital environment is different to the traditional IT environment because digital is rooted in key aspects of the business that have a direct impact on the business model and client experience. Tools should not be leading the thought processes of how a business will create value and compete. Organisations must develop a deep enough knowledge base of all the factors that are important in their environment and understand the full breadth of how digital can influence these factors. This is a precursor to deciding on the most appropriate ecosystems to be part of as well as how to source the best tools to achieve the most important objectives.

## 1.1.6 DIGITAL **TRANSFORMATION** TRENDS

Since the fourth industrial revolution brings a fundamental need for SA to move away from the current “silo” government-citizen service delivery landscape across national, provincial, and local government, as well as state-owned enterprises. There is a need for clear ICT-related regulations, policies, roles and responsibilities, integrated strategies and plans, common interoperable platforms and open data with clear measures to support citizen privacy and cyber-security. Comparing the current SA context to the top six digital transformation trends in public sector service delivery reveals the following:

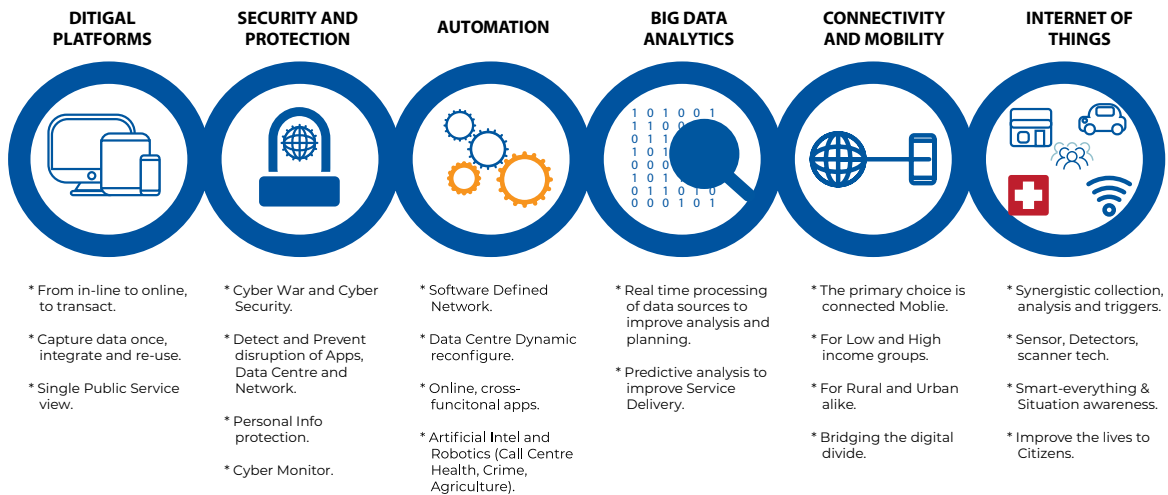


Figure 13: Digital Transformation Trends

### 1.1.6.1 DIGITAL GOVERNMENT PLATFORMS

Citizens no longer want to stand in long queues for social and health services. An international survey reveals that 65% of public service leaders indicated that creating a personalised public service experience is a priority. Moving citizen information online is crucial to digital transformation, as trends show that citizens are getting increasingly more information at their fingertips through banking platforms, social media platforms, websites and other digital platforms driven by the private sector. This puts government under pressure to simplify once involved processes, ensuring a strong web presence and social media interaction to improve citizen engagement and satisfaction. Current government policies, strategies, and plans related to digital government platforms lack a holistic and integrated approach.

This manifests itself into multiple digital government platforms such as websites, portals and call centres which are fragmented and lack the integrated personalised public service experience. International trends reveal that there should be a single digital public service entry. This moves citizen information and citizen engagement with government online in an integrated manner. Citizens are enabled to view personal records and status of the request for services online, transact with government by booking appointments for government services online, and file tax submissions and maintaining contact and address details online.

### 1.1.6.2 SECURITY AND PROTECTION

Cyber-security is crucial as citizens transform to become virtually present and more sensitive information goes online. Cybercrime is on the rise and there is a need to be both detective and preventative across the ICT value chain, involving applications, data centres, and network connectivity. There is a need for an integrated security monitoring/defence technology



approach, as well as a new breed of human resource skills in the ICT and public security sectors. Current government cyber-security policies, strategies and plans are lacking.

### **1.1.6.3 AUTOMATION**

The effective use of government ICT budget to innovate and automate the machinery of government is lacking. Current government ICT spending trends reveal that as much as 80% of government ICT budget is used on maintaining the old government machinery, while only 20% is used for innovation, research and development. Current government ICT projects/initiatives are fragmented and lacking the integrated approach needed to improve service delivery. This is compounded by the current silo citizen service delivery landscape, internally across government departments, SOEs, as well as partnerships with industry.

### **1.1.6.4 DATA COLLECTION AND ANALYTICS (BIG DATA)**

This involves simplification and real-time processing of government data to improve various aspects of government analysis, planning, and implementation of action plans to improve citizen service delivery. The level of citizen service delivery experience is one of the key measures of success in government digital transformation, taking into account privacy and protection of citizen information. Current government policies tend to restrict the sharing of government data to promoting an integrated government citizen service delivery landscape.

### **1.1.6.5 IMPROVING CONNECTIVITY AND MOBILITY**

There are indications of growth and penetration related to the usage of mobile devices in both low and high income population groups as well as rural and urban population groups. Trends in this space tend to support the notion that mobile technologies have assisted in bridging the digital divide. Adequate levels of fixed-line connectivity to government sites and citizen service delivery channels covering key areas such as health, education and other social welfare services to name a few, are lacking. Current government policies, strategies, and plans related to initiatives such as Broadband and SA Connect lack a holistic and integrated approach in using both fixed-line and mobile technologies. This space is critical to bridging the communication and service delivery

divide between government and the citizens of SA.

### **1.1.6.6 INTERNET OF THINGS (IOT)**

The synergistic automated collection, analysis, distribution and triggers of relevant actions using various devices such as sensors, detectors, scanners and monitoring technologies to protect or improve the lives of citizens requires a focused government IoT strategy.

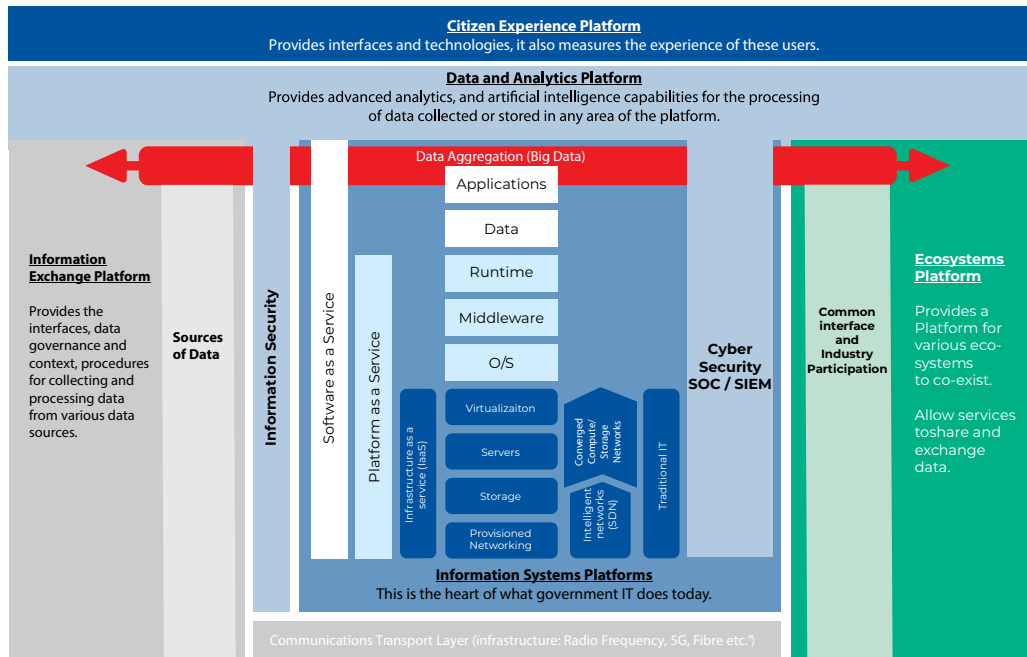
## **1.2 SITA'S DIGITAL STRATEGY**

SITA's Digital Strategy aims to better enable Government through scalable digital platforms that deliver great citizen experience. The strategy entails leveraging existing technology assets and organising these in a modern digital architecture. More importantly, the architecture is to be built using flexible micro services and Application Programming Interfaces (APIs). The Digital Government Platform Ecosystem (DGPE) is an ecosystem with a seamless interplay of advanced capabilities. Some of its key features are:

- (a) The DGPE is a cross-cutting, integrated, horizontal set of capabilities that coordinate government services across multiple domains such as citizen experience, ecosystem, Internet of Things, IT systems and analytics.
- (b) DGPE provide shared digital infrastructure, services and applications that can accelerate the development and delivery of proofs of concept, new digital services and the fundamental reinvention of existing services in an ecosystem and constituent-centric fashion.
- (c) DGPE will allow government to achieve greater economies of scale, retire legacy systems and infrastructure, and better position themselves for delivering secure, highly intelligent, automated citizen-centric digital government services.
- (d) A DGPE, through reuse of components, reduces the investments in software licensing and the need for IT staff to support multiple systems that deliver similar solutions
- (e) DGPE also provide opportunity for agencies constrained by legacy systems to develop new functionality through exposing APIs and integrating with new services to meet growing citizen expectations.
- (f) Focus will be around critical DGPE services, include enabling services (identity management, analytics, content management, etc.) and functional software services (case management, social/citizen engagement,

- customer/citizen relationship management).
- (g) It's not a single product that you buy, but rather something you build on top of your enterprise's existing customer-facing, partner-facing, analytic and back-office systems.

The figure below illustrates the complete DGPE architecture. At the core of the architecture is the citizen experience. Everything that the platform delivers must be geared towards improving the experience of citizens. Underpinning this experience is the use of data to customise services.



**Figure 14: Digital Government Platform Ecosystem (DGPE)**

### 1.2.1 BUILDING KEY CAPABILITIES

The 4IR demands a wide-scale intervention to develop new age skills that will propel the world economy. Technologies such as cloud, artificial intelligence, machine learning and the Internet of Things have introduced new paradigms to how people work and communicate. Without the relevant skills, certain pockets of society are most likely going to be left behind to their detriment.

Digital transformation requires that organisations invest in knowledge-driven digital skills first before they go out to source tools that will be used inside the business. The digital environment is different to the traditional IT environment because digital is rooted in key aspects of the business that have a direct impact on the business model and client experience. Tools should not be leading the thought processes of how a business will create value and compete. Organisations must develop a deep enough knowledge base of all the factors that are important in their environment and understand the full breadth of how digital can influence these factors. This is a precursor to deciding on the most appropriate ecosystems to be part of as well as how to source the best tools to achieve the most important objectives.

At the moment, SITA does not have any of the required digital capabilities. The challenge of developing new digital capabilities is exacerbated by the reality that the market in which SITA operates is mainly a reseller market of technology and not necessarily a producer of such technology. Inevitably, new digital capabilities are not likely to be found in abundance in such a market, especially one whose dominant logic gravitates towards incumbent service providers holding the bulk of the knowledge of new technologies.

**In order to support SITA's digital strategy which is routed in the DGPE, new capabilities are required in the following areas:**

- (a) Open source software/solution development in order to continuously grow the ecosystem of partners and the service catalogue for Government and Citizens.
- (b) Software defined networking to ensure that the best transport layer is always available for platform-based services.
- (c) (Data science and business intelligence to mine Government data for useful insights and to improve citizen experience.
- (d) Digital Solutions architects to develop the most appropriate digital solutions for Government and citizens
- (e) Commercial skills that align with new digital and on-demand services.
- (f) Artificial intelligence / machine learning to create intelligent and predictive responses to client needs
- (g) Cyber security to ensure the DGPE is always secure and protected from breaches

## 1.3 STRATEGIC INITIATIVES AND PROJECTS

The achievement of the digital transformation vision is dependent on the ability of SITA to develop initiatives and projects that are aimed at digitising both the SITA internal environment and the client environment so that the intended outcomes and impact can be achieved. The section below provides a summary of strategic projects that SITA will be implementing during the medium term cycle.

### 1.3.1 RESEARCH INNOVATION AND LOCALISATION

Research and Innovation is one of the key consulting capabilities of SITA, the Agency draws its research and innovation mandate from Section 7(6)(d) of the SITA amended Act 38 of 2002 which states that " *SITA may carry out research regarding the use of information technology to improve the efficiency of the public administration*"

To execute on this mandatory requirement, SITA has in the past 20 years of existence established a research and innovation capability aimed at developing innovative solutions aligned to government priorities to improve public service delivery. This capability also intended to inject innovation to enhance IT service lines and introduce new service offerings within SITA. In building this capability, the Agency has established strategic partnerships with other research institutions such as academia, research councils and partners within the ICT industry. These partnerships

resulted in SITA gaining access to insights, knowledge and expertise relevant to the ICT research agenda. The partners also participated in the ICT research projects which gave rise to significant initiatives being implemented to transform public service.

It is critical to note that ICT research and innovation is a "may service" in terms of the SITA amended Act of 2002, there are other state entities that are mandated to provide research and innovation work which spans over SITA's mandate. This has created a duplication of efforts and resources with outputs that are not aligned towards the common benefit of government. The strategic direction provided by the shareholder indicates that SITA should play a leading role when it comes to ICT research and innovation within government, to achieve this, there should be a review and rationalisation exercise of all entities mandated to execute this role.

Moreover, the current procurement and other legislative requirements do not make provision for flexible mechanisms to collaborate with state owned entities and academic institutions without an open tender process. This creates a barrier to tap into existing resources and infrastructure to incubate software and hardware ICT innovations for the purposing of growing the local market. Similarly, the legislation does not make provision to commercialise outputs of such innovation without a competitive bidding process.

**The SITA research and innovation capability seeks to formulate and promote ICT research and development to meet national goals through:**

- (a) investigation and roll-out of technologies that promote accelerated service delivery to citizens, citizen convenience and a return on investment on ICT by government (e-Government Imperatives);
- (b) providing incremental and disruptive innovative products and services that improve the quality of life of the citizens;
- (c) acquiring and nurturing technical expertise by developing talent in unison with technology assets;
- (d) establish an enabling environment with respect to knowledge creation and innovation to SITA internally and to its clients;
- (e) building a balanced portfolio of innovative ICT products and services, and product enhancements that deliver a consistent flow of new technologies and services to drive SITA's business growth;
- (f) acting as a catalyst for the development of a sustainable local ICT industry and protect government against vendor-locking; and
- (g) adherence of SITA to the government ICT house of values i.e. reduce duplication, leverage on economies of scale, ensure that all products and services are secure, ensure that all ICT solutions within government can integrate and interoperate and ensure that the previously disadvantaged are empowered.

### 1.3.1.1 RESEARCH AND DEVELOPMENT

The aim is to provide SITA and its clients with predefined research material on topical ICT issues targeted at substantially increasing business value and enhancing SITA's service offering to be more applicable to client environments. The research outputs should proactively provide insights and intelligence that inform government business planning and new policy initiatives. Furthermore, government should be able to leverage on best practices and frameworks to accelerate transition to government digital transformation.

Research includes both fundamental and applied research, where fundamental research will collect information from a knowledge management and business intelligence perspective on best practices worldwide on ICT products and services. This information will be made readily available to other service lines to facilitate an informed choice of ICT products for deployment in various environments and client bases.

Applied research will focus on experimental and exploratory research with a view to developing new ICT products and services and business models aimed at digitally transforming the provisioning of public services. This will also include research relating to the economic and socio-cultural aspects of ICT.

**SITA will also perform market research and market intelligence, nationally and internationally, on ICT technologies and recommend their best usage for government. The business objectives of this research activity are to:**

- interpret ICT market conditions and devise strategies for competitive advantage;
- develop, conceptualize and implement a comprehensive market intelligence strategy;
- Identify, develop and communicate the latest innovative research methodologies to improve the quality of research and drive business improvement;
- identify and analyse ICT developments to determine market demands for existing and new products and services and implement best practises at SITA and client environments;
- evaluate and determine the status of government ICT through surveys and benchmarks;
- investigate suitable ICT solutions that can provide efficiency and effectiveness to the identified situational analysis; and
- Investigate ICTs that are currently under-utilized or utilized inefficiently in government to identify and assist in driving new research and innovation projects.

### 1.3.1.2 INNOVATION

SITA recognises that life demands a new way of living in a digital era and that its innovations should increasingly transform how government delivers public services. SITA will build a capability that develops innovative proof of concepts that responds

to public policy outcomes and specific current and pressing socio-economic challenges. The proof of concept solution will be tested and piloted in a real client environment before it can be integrated to the SITA product and service offering for further deployment, maintenance and enhancement.

It is important to note that the concept of an innovation goes beyond the physical so the innovation criteria cover the following:

- Product or service innovations:** offerings that generate greater value, either as entirely new creations or improvements in the functional and technical characteristics of existing products;
- Operational innovations:** new ways of working that deliver expanded capacity, quality or efficiency through process innovation; and
- Management innovations:** improve oversight and decision-making competencies to improve enterprise performance.

SITA will not innovate in a vacuum or carry out "blue skies" research and innovation developments, the Agency SITA will collaborate with industry, academia and other state agencies to identify or develop innovative proof-of-concepts for potential application in the public service. The figure below depicts the innovation pipeline which takes the emerging trends and proofs-of-concepts from industry, academia and other state agencies as inputs, filters them for relevance to the public sector and incubates them in the SITA prototype lab/digital hub. Those that are of relevance and will add value after piloting and implementation will then be put into production and entered into the SITA Service Catalogue.



**Figure 15: The Innovation Pipeline**

**The Innovation activities and best practices are defined as follows:**

- Horizon scanning:** desk-based research to detect early signs of potentially important developments through a systematic examination of potential threats and opportunities, with emphasis on new technology and its effects;

- (b) **Scenario planning:** identifying leading indicators to follow and evaluate the relative progression and evolution of the underlying forces that, in various permutations (“scenarios”), interact to shape the future;
- (c) **Technology tracking:** seeking out emerging and relevant technologies, understanding the position of a technology in its maturity cycle, and identifying potential business applications and champions for the technology;
- (d) **Prototypes and pilots:** hands-on evaluation of the innovation;
- (e) **Transfer and incubation:** transition the innovation from a concept or prototype to a fully realised product or service in the SITA catalogue; and
- (f) **Open innovation:** capitalizing on the knowledge that resides outside SITA’s boundaries, and using an ecosystem of partners to help exploit innovations.

The following elements will be considered to implement innovation programmes:

- (g) **Governance:** innovation will be executed across different divisions of SITA and processes, policy and best practises will be provided by the Research and Innovation function. This function will also provide consultation and advisory services and framework/guidelines to govern the innovation value chain;
- (h) **Processes:** processes will be defined to manage the I&R, from proofs-of-concept to production and to encourage innovation and reward innovators;
- (i) **Charter and mission:** innovations must be aligned with national development objectives, as well as the strategic objectives of government, and must spell out what will be done, when, how and by whom;
- (j) **Culture of innovation:** establish mechanisms to receive and implement innovations while encouraging and rewarding innovation; and
- (k) **Metrics:** Innovation measures must be aligned to citizen centricity and the criteria of success must result in measureable value.

### 1.3.1.3 LOCALISATION

The NDP envisages that by 2030 “ICT will underpin the development of a dynamic and connected information and vibrant knowledge economy that is more inclusive and prosperous.” According to the NDP, ICT can be used as a tool to fight poverty, increase employment, education and entrepreneurship. SMMEs are pinned to play a key role in job creation, with 90% of new employment expected to be created by this sector in 2030. SITA contributes to the government transformation agenda by enabling and unlocking opportunities for procurement and innovation for SMMEs.

SITA recognises that research and innovation are a foundation to create local ICT software and hardware, the Preferential Procurement Policy Framework Act (PPPFA) of 2017 designates specific goods that should be locally manufactured and

indicates that all organs of state have to comply with the requirements of local content when executing procurement activities. SITA has in recent years contributed to localisation by putting in place enablers that provide market opportunities to SMMEs, the Agency has included eight preferential procurement clauses in the tender documents to drive SMME spend and localisation. These clauses ensure that the contracts are either being ring-fenced exclusively for 51% black-owned SMMEs or that a minimum 30% direct and indirect spend (subcontracting) is enforced. The Agency has also implemented a number of open innovation initiatives such as “Hackathons” which provided an opportunity to all South Africans from different backgrounds and disciplines to create innovative and functioning solutions that aim to solve the socio-economic challenges as defined in the NDP 2030. SITA intends to commercialise ICT solutions which are conceptualised and developed through open innovation to promote and support the localisation vision of the country, however the current legislative framework needs to be revised to support such initiatives.

Procurement is a strategic tool and a mechanism that enables government to implement policies for socioeconomic development. SITA has developed an enterprise and supplier development strategy which becomes a vehicle to advance the transformation agenda and bridge the digital divide by actively promoting access to ICT, stimulating and supporting growth in the ICT sector, advancing economic and social transformation in the ICT sector, diversifying supply chains, contributing towards the reduction of unemployment and poverty alleviation, and supporting skills development and training initiatives.

#### **SITA aims to create an inclusive economy to achieve empowerment and transformation through the following:**

- (a) development of local technology products (technology localisation);
- (b) integration of existing products to create new solutions addressing local requirements;
- (c) ensuring knowledge transfer / skills transfer from multi-nationals; and
- (d) stimulate economic growth through SMME development (access to the government market).

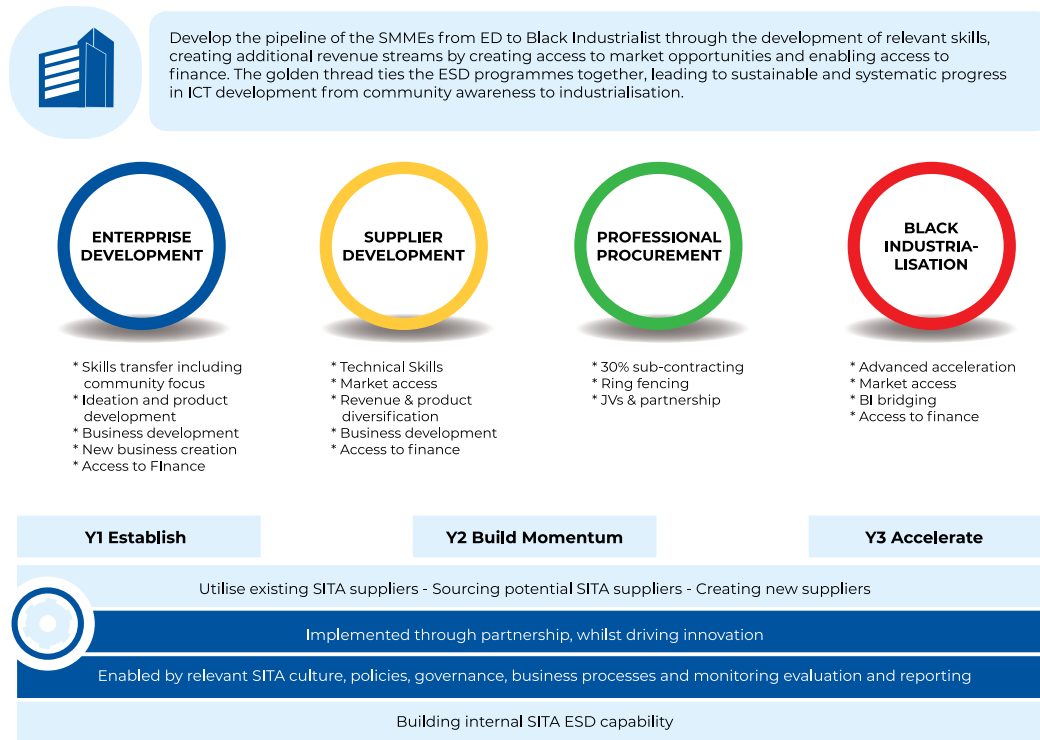
#### **The following are the pillars of the SITA enterprise and supplier development strategy:**

- (a) **Enterprise and supplier development:** Providing a platform for emerging suppliers to develop into mainstream ICT suppliers that can do business with SITA and other public and private entities. The targeted enterprises are black-owned, youth, women, military veteran, rural and people with disability.
- (b) **Preferential procurement:** Providing a platform for developing SMME entities through preferential procurement enablers such as early

payment, original equipment manufacturers (OEMs) partnering, technology solution development, joint ventures and a targeted sourcing approach.

- (c) **Black industrialist/localisation:** Utilisation of SITA and government ICT goods demand to foster the establishment of new competitive manufacturing companies in the ICT sector.
- (d) **Skills development and job creation initiatives:** Making use of procurement as a lever to support skills development and job creation.

**THE ESD STRATEGY FRAMEWORK IS DEPICTED IN THE FIGURE BELOW.**



**Figure 16: ESD strategy**

Moreover, SITA recognises that it cannot only depend on its internal capability to continuously produce disruptive innovations. The Agency has established an open innovation approach as a vehicle to source new and innovative solutions and ideas from the citizens and industry with the aim of implementing them in government to improve its operations and to solve the socio-economic challenges.

The open innovation approach supports the development of SMMEs by providing an enabling environment for innovation, testing and piloting of the solutions with real client problem statements and implemented in real environments. It also presents an opportunity for industry players to provide innovations and/or technologies to reduce the inefficiency and administration burden in public sector services by leveraging on ICT-based innovations. This approach stimulates sustainable economic growth and will minimize reliance on multinationals.

It is imperative to note that SITA's role in localization is to grow the SMMEs by providing platforms to develop software solutions from conceptualization until it is a packaged product that can be consumed by the market. The role of SITA is limited to software solutions, when it comes to hardware and other solutions SITA has no capability to incubate such solutions. Therefore, SITA may form strategic partnerships with other state entities who have the mandate and capability to incubate such solutions, monitor the incubation process to ensure that the outputs are aligned to the requirements of government and minimum interoperability and security standards are adhered to and that they offer value for money.

**1.3.2 CYBER AND INFORMATION SECURITY**

SITA, as the lead ICT service provider for government host most of the South African government's critical databases such as the Home Affairs population databases, the financial systems, logistics and government employee databases.

These information infrastructures and databases need to be protected. Considering the technology growth world-wide and the implementation of a government private cloud infrastructure, the information stored, processed and transmitted over the network on a daily basis, SITA need so much more accurate and controlled protection. Managing and securing government data will also encourage and contribute to economic growth.

### **SITA regulations further provide guidance regarding the execution of the information security mandate as follows:**

It is imperative that the government understands the environment in which it operates in order to ensure a sustainable future for every citizen. Continuous modernisation and the provisioning of more online services increase the cyber-security threats and amplify the need for reliable and available services that ensure confidentiality of the personal data of citizens. The objectives of the SOC include:

- (a) rendering a 24/7/365 monitoring, detection, reaction and defensive service,
- (b) protecting government information assets and services through application of the latest security technology,
- (c) proactive early detection of security incidents, events and breaches through effective monitoring,
- (d) prevention of any cyber-attack, as well as resolution and mitigation of security incidents and events,
- (e) ensuring that there is a single view across the information security spectrum,
- (f) monitoring compliance, detecting insider abuse of the financial systems, incident response, forensic analysis, and vulnerability assessments,
- (g) acting as a communication hub for security personnel and stakeholders,
- (h) creating risk-based prioritisation of security tools and processes to ensure value for money, and following a centralised approach to information security.

### **The SOC therefore protects against the following:**

- (a) financial loss as a result of lost revenue or costly remediation services;
- (b) reputational loss due to unavailability of services or, worse, the loss of confidential information;
- (c) civil and criminal action against SITA or government entities should personal information be lost (POPI Act compliance);
- (d) theft of state information;
- (e) fraud committed through online means; and sabotage through denial of services.

Implementation of the SOC will ensure that ICT services offered to government are deployed in a manner that secures all government's information assets. The implementation will not only focus on designing solutions that are robust against any form of cyber-attack, but will also include the necessary operational structures, standards, business processes and management technologies to affectively veer off and effectively respond to any threat to the ICT landscape under the management of SITA.

The SOC relies on information gained from various internal sources, such as from vulnerability scans, patch management data, anti-virus/intrusion detection/intrusion prevention systems and from network traffic scans and reports. In addition, cyber intelligence in

the form of data and information is collated from credible external sources, which provide insight into threats, vulnerabilities and adversary modus operandi in general. This informs the SOC trends and allows focused monitoring and security measures to be implemented to defend against the latest attacks.

### **1.3.3 ELECTRONIC GOVERNMENT**

e-Government is a catalyst to digital transformation. Implementation should take a paradigm shift from developing e-services to optimising government services in transforming government operations and services by embracing the principles of sharing, re-use, and transversalisation of ICT assets in government.

Since the inception of SITA, the development, deployment and maintenance of transversal services in government has been a collaborative exercise between SITA and National Treasury (NT). This collaboration means that NT becomes the client on behalf of government and defines the business requirements and funds the project.

When it comes to the development, deployment and maintenance of non-transversal systems, the "May" element of the SITA Act kicks in and this creates a situation where a number of government departments are executing their own strategies creating fragmented ICT assets, impacting on synergised government. This has also created a gap which private sector is occupying by conducting business directly with government departments leading to a negative impact on SITA's bottom-line.

Furthermore, the term "transversal information system" is undefined, in light of the implementation of the national e-Government strategy, national ICT white paper policy and the digital transformation strategy amongst others, most systems in government will become "transversal" by nature. This also means that the provisioning of desktop services for transversal systems also becomes a "must" service.

There is a need to amend SITA Regulations to include "transversal Information system" to mean "system used by more than one department". The SITA partnering model to respond to potential growth for both development and desktop support will also need to be reviewed.

Every asset in the government ICT landscape must be seen as a transversal asset that can be published and made available for effective access and consumption by any party that has a need, in the public sector, private sector, academic and research institutions and civil society. There should be a radical transition from the traditional methods of delivering ICT assets to modern methods that encourage building of ICT assets as publishable, exposable and re-usable digital objects; these methods need to be used for creating new assets and also modernising legacy assets.

### 1.3.4 MODERNISATION OF LEGACY APPLICATIONS

SITA and the whole of government have a number of systems that are running on very old infrastructure. As indicated earlier, SITA has established the GPCE as a building block for digital government that has bearing on new and existing applications. SITA has embarked on a modernisation process to ensure that new applications are written to run on the cloud and some existing applications must be migrated to the cloud. Those applications that cannot be migrated to the cloud in their current architecture have to be reengineered for the new cloud platform. The figure below shows the challenges experienced with the current portfolio of applications in production.



**Figure 17: Portfolio of Applications in Production**

Achieving this transformation requires a collaborative approach to data-driven innovation. Various sectors of the SA economy (banks, telecoms, entertainment, public service, academia, research institutes, civil society, etc.) generate and house amounts of digital resources which can be in the form of infrastructure, software, or data. The call is to move away from fragmented efforts to collaborations and re-use of digital resources, for life changing innovation and the achievement of true and impactful digital transformation through "open" digital platforms providing data services, software services and infrastructure services.

### 1.3.5 PROCUREMENT

Procurement is a "mandatory" service that SITA must provide as per the SITA amended Act of 2002 and SITA regulations that cover procurement services. A key founding reason for the establishment of a single lead ICT agency was to ensure that through the consolidation of procurement and sourcing of public sector ICT goods and services, SITA will:

- Leverage economies of scale to provide cost effective procurement by using the collective purchasing power of departments;
- Ensure that all procurement results in value-for-money;
- Promote the South African ICT industry, with a particular emphasis on the transformation agenda;
- Implement a procurement platform that ensures open, transparent and fair bidding engagement and
- Stimulate competitive bidding.



The SITA procurement mandate is two-fold i.e. procurement through SITA where SITA procure goods and services required to deliver ICT services to government clients, and where SITA is a procurement agency of government by administering the procurement process and recommend preferred bidder/s to the Accounting Officers of departments.

Procurement has since inception been one of the major challenges hindering the organisation from fulfilling its mandate in terms of delivering effective services to its clients. Key procurement challenges include operational inefficiencies characterised by inconsistent and often times overly long procurement cycles, vulnerability to fraud and corruption, limited development opportunities to drive the transformation agenda in the ICT industry, high prices for goods, services procured and lack of a skilled procurement workforce.

**Operational inefficiencies within the procurement function have resulted in clients citing some of the pain points below:**

- (a) Long delivery time frames: some requests take over a year to complete;
- (b) Clients are locked into contracts long after the contract has expired, and contracts are repeated up to five times for the same client;
- (c) Most of tenders gets cancelled;
- (d) Poor communication leads to customers not being informed that tenders are concluded;
- (e) Lack of automated systems results in contracts expiring before new procurement processes are concluded, this results in deviations from standard Procurement processes or irregular expenditure;
- (f) Goods and services procured are costly because SITA is unable to leverage economies of scale; and
- (g) Multiple contracts are issued for the same services.

SITA has since implemented various programmes aimed at optimising the procurement function and there have been some improvements which have led to collaboration with the office of the Chief Procurement Officer in NT to drive the supply chain reforms in government as approved by Cabinet in 2014. This includes the automation of the procurement processes through the implementation of a full suite source-to-pay e-Commerce platform.

SITA recognises that modernising government's procurement system across all spheres of government is the best solution for providing value added services to its clients while also being the best defence against corruption. SITA has committed to the delivery of an e-Commerce solution for government to standardise, automate and modernize all procurement.

This will offset the challenges that lead to non-compliance in the procurement value chain; contravening legislation and policies. This non-compliance often also results in disparate expenditure trends, lack of cost efficiency; poor value for money; and collusive uncompetitive and non-transparent tender processes.

The revised procurement business model encompasses an automated procurement platform for IT and non-IT goods across all of government. The strategic imperative is to leverage economies of scale and drive automation to reduce administrative tasks.

**SITA, as the delivery arm of ICT to government, in conjunction with National Treasury, embarked on a process of negotiating with various ICT OSMs and OEMs which are deemed to have the largest impact on government proportion of spending. The focus was on licensing, and the objectives were to:**

- (a) achieve efficiency across government through simplified ICT procurement;
- (b) consolidate government contracts and purchasing power; and
- (c) eliminate wasteful expenditure, resulting in cost savings across the board.

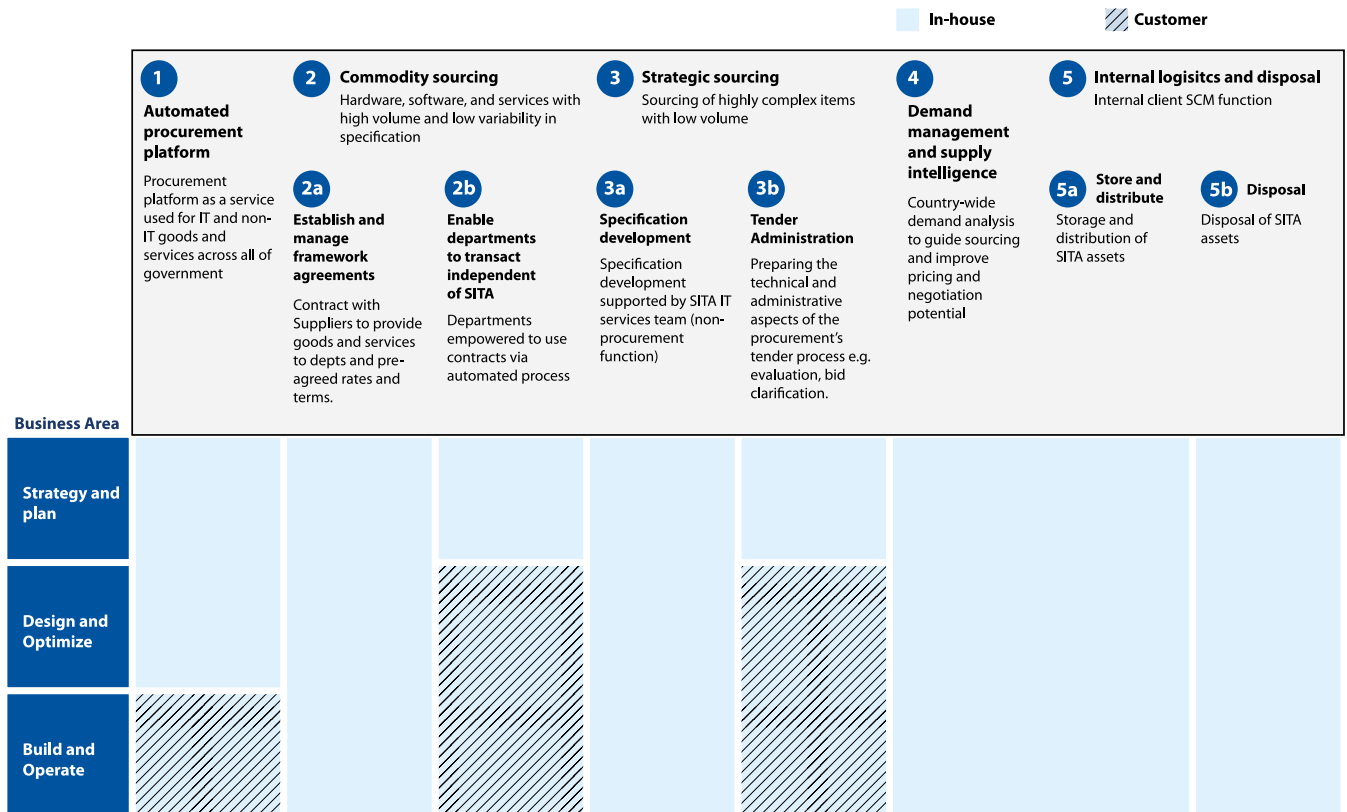
This resulted in framework agreements being entered into with the following vendors: Microsoft, ESRI, Software AG, CA Technologies, Cisco, IBM, SAP, Micro Focus, Dell/EMC, Huawei and HPE. These are applicable to all organs of state.

It is envisaged that the framework agreements with the current vendors will be renewed in the next 5-year period with better terms and conditions as we now have actual procurement history to work with. What has been noted already is the reduction in expenditure which is a hybrid result of the discounting and non-expenditure when licences and or equipment were not required.

The intention of the process is to expand the framework agreements to other industry participants in order to further enhance the gains that have been made. The journey is also designed to test the industry to become more innovative and to go to greater lengths to provide better, more cost- effective and efficient solutions for the benefit of our ultimate stakeholders - the Citizens of South Africa.

These framework agreements which will cover all organs of state will be extended to include services during the 5-year period and will allow OEM's to provide solutions to be hosted in the Government Private Cloud environment for easier secure access by users. This collaborative approach between industry and government will result in savings that can be re-invested into the industry for the digital transformation of government.

The model allows SITA to address its traditional problems related to ease of buying by departments, ease of executing approaches to the market, ease of evaluating and adjudicating responses to the market, and managing the resulting contracts as reflected in the supplier chain system automation. The system includes a strong audit trail and ability to manage a workflow which provides significant enhancements to supply chain internal controls. The system also allows for more dynamic vendor management.



**Figure 18: Procurement Business Model**

- (a) **Automated procurement platform,** SITA will be involved in the strategy, planning, design and optimise the procurement platform for use by all of government for the procurement of IT and non IT goods and services.
- (b) **Commodity sourcing,** this includes hardware, software and services with high volume and low variability in specification. The commodity sourcing process has been moved to an automated platform.
  - (i) SITA will establish and manage framework agreement contracts with suppliers to provide goods and services to departments at pre-agreed rates and terms.
  - (ii) Government departments will transact independent of SITA drawing from existing contracts using the automated procurement platform.
- (c) **Strategic sourcing,** this is the sourcing of highly complex items with low volumes. Due to the complexity aspects, SITA will manage the full levels of execution of the tender specifications on behalf of clients. However, SITA will only not be involved in the design, optimise and build operate level with regards to the administration of tenders as these will be executed through the platform (i.e. preparing the technical and administrative aspects of the procurement's tender process e.g., evaluation, bid clarification etc.)
- (d) **Demand management and supply intelligence,** this is country-wide demand analysis to guide sourcing and improve pricing and negotiation potential. SITA will build internal capability to execute in all levels from strategy and plan to build and operate and a strategic sourcing function for highly complex items. This service will create the foundation for more effective consolidation, better understanding of the usage environment and a source of the data for conducting effective supplier market intelligence.

### 1.3.6 PROVINCIAL AND LOCAL GOVERNMENT DIGITALISATION

SITA obligation for government digitalisation spans across all spheres of government i.e. national, provincial and local. The organisation is as part of implementation of its revised business model establishing capabilities at its provincial offices to support the national digital transformation agenda as well as develop specific digital transformation projects customised to the needs of the provincial and local client. The diagram below depicts the provincial and local government digitalisation blueprint which includes the provisioning of broadband, corporate governance ICT services, implementation of e-Government cloud services, development of transversal solutions and sector specific solutions and applications.

Implementation of the provincial and local government digitalisation has already commenced in the previous MTSF cycle with the provision of broadband connectivity at various government provincial offices such as Gauteng, Western Cape, Eastern Cape and Limpopo. SITA will through the capacitation of tactical and strategic consulting capability establish a strategic partnership with government with the intention to shape and shift government into the digital era through a collaborative effort and ensure readiness by both government and citizens to adopt digital services.

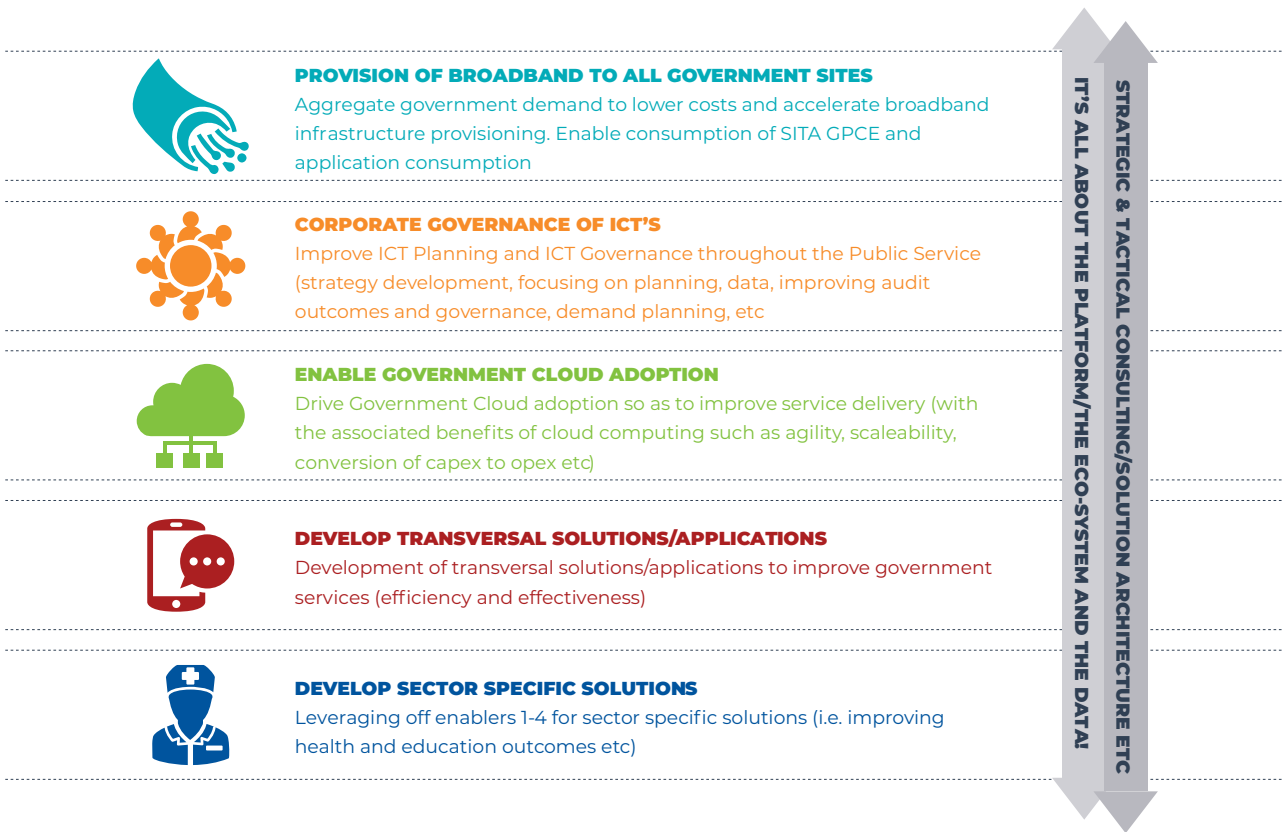


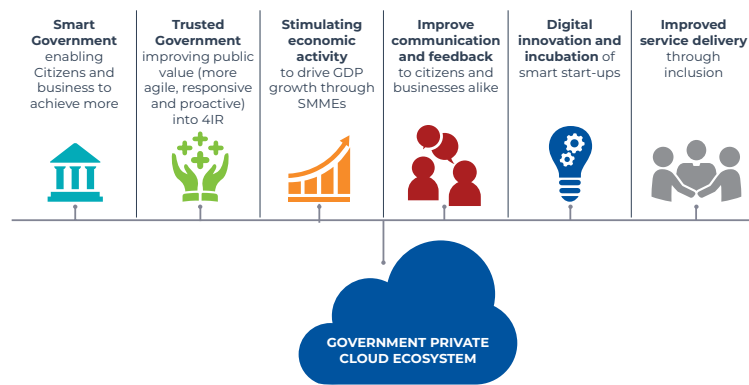
Figure 19: Provincial and Local Government Digitalisation Blueprint

### 1.3.7 CLOUD COMPUTING

SITA is an enabler and a strategic partner to help shape and shift government into the digital era through the use of new digital technologies and tools, and the migration of more services to the cloud to replace traditional business models and create new ways of meeting consumer needs in a digital world.

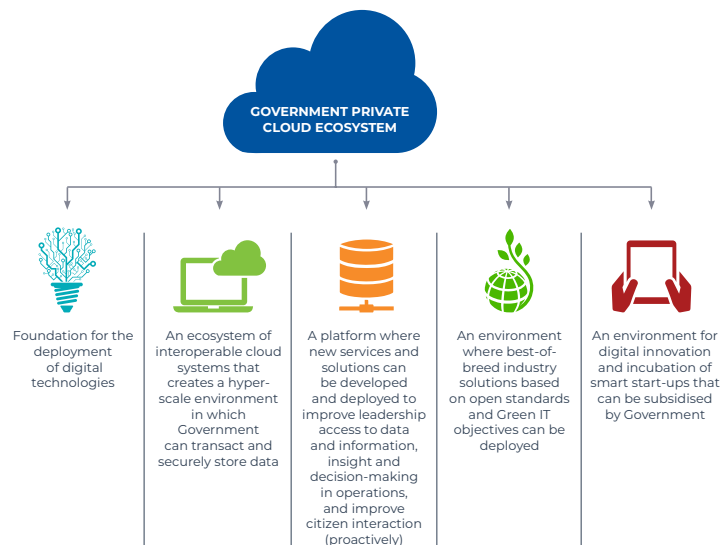
To this end, SITA has already made a significant investment in establishing a GPCE as a fundamental building block for a digital government, which has resulted in benefits of cost savings and tangible service improvements for government departments.

The GPCE is not only an environment where traditional IT Infrastructure services can be offered to the different spheres of government in a modernised way, but it is also a nexus where industry cloud operators, such as Microsoft, Amazon, Google, etc., can participate in creating value for government through their unique service offerings and support the digital transformation programmes in partnership with SITA.



**Figure 20: GPCE: an Enabler for Digital Transformation**

- (a) The GPCE is therefore a strategic enabler for the digital transformation of government with respect to:
- (i) enabling a smart government that empowers every citizen and business to achieve more,
  - (ii) being a trusted government that improves public value (more agile, responsive and proactive) through digital technologies in support of the fourth industrial revolution objectives,
  - (iii) stimulating economic activity to drive GDP growth,
  - (iv) enabling smart citizens, communities, villages, cities and start-ups,
  - (v) embracing multiple technologies to establish access channels to improve communication and feedback to citizens and businesses alike, and
  - (vi) improving service delivery where citizen desires are met through a more inclusive approach.



**Figure 21: GPCE Implementation**

- (b) At implementation level, the GPCE is:
- (i) the foundation for the deployment of digital technologies (big data, IoT, machine learning, artificial intelligence, robotics, etc.) to support the digital transformation of government (i.e. empowering employees, improving operations, transforming services and engaging citizens),
  - (ii) an eco-system of interoperable cloud systems that create a hyper-scale environment in which government can transact and securely store data,
  - (iii) a platform where new services and solutions can be developed and deployed to improve leadership access to data and information, insight and decision-making in operations, and improve citizen interaction (proactively),
  - (iv) an environment where 'best-of-breed' industry solutions based on open standards and green IT objectives can be deployed, and
  - (v) an environment for digital innovation and incubation of smart start-ups that can be subsidised by government.

## 1.4 INTERNAL ENVIRONMENT **ANALYSIS**

### **1.4.1 ORGANISATIONAL STRUCTURE**

The SITA macro organisational structure ensures that there is a balanced workload across national and provincial clients; allows for specialisation in key technology domains split (which are split across executives); provides ability to solve major pain points in SITA related to provincial client management; and creates management capacity to deliver the levels of service required using the best technology.

SITA aims to service all national departments, provincial departments and municipalities (local government). To ensure customer requests are met and to enable proactive consulting – both at a strategic and tactical level – with the aim of providing through leadership and deliver value to the customers, resource allocation at a micro level of the organisational structure is aligned to the clusters of government.

Each cluster has dedicated resources allocated to ensure that they fully understand the customer business environment and they are able to advise and guide the customer and provide solutions that consider the end-to-end value of the business environment.

The structure provides a split between national and provincial (including local) government consulting due to clients' demographics and client size and complexity of service delivery. Provincial consulting executes the end-to-end consulting processes and is responsible to oversee the day-to-day operations of IT services at all nine SITA provincial offices. National consulting also executes the IT consulting processes and is accountable for managing the product, services and solutions lifecycle and marketing activities for the entire organisation.

The structure provides a split between core IT services (as these are different areas of specialty focusing on delivering the e-government vision and cloud computing), while the other focuses on delivering the SA Connect vision as well operating a fully-fledged service management centre, which monitors delivery against service level agreements and provides business intelligence to optimise service delivery.

The structure is time bound to allow for the transformational process to be concluded, this requires a flat structure with technical expertise from executive to ensure the fulfilment of the strategic goals. The organisational structure is depicted below:

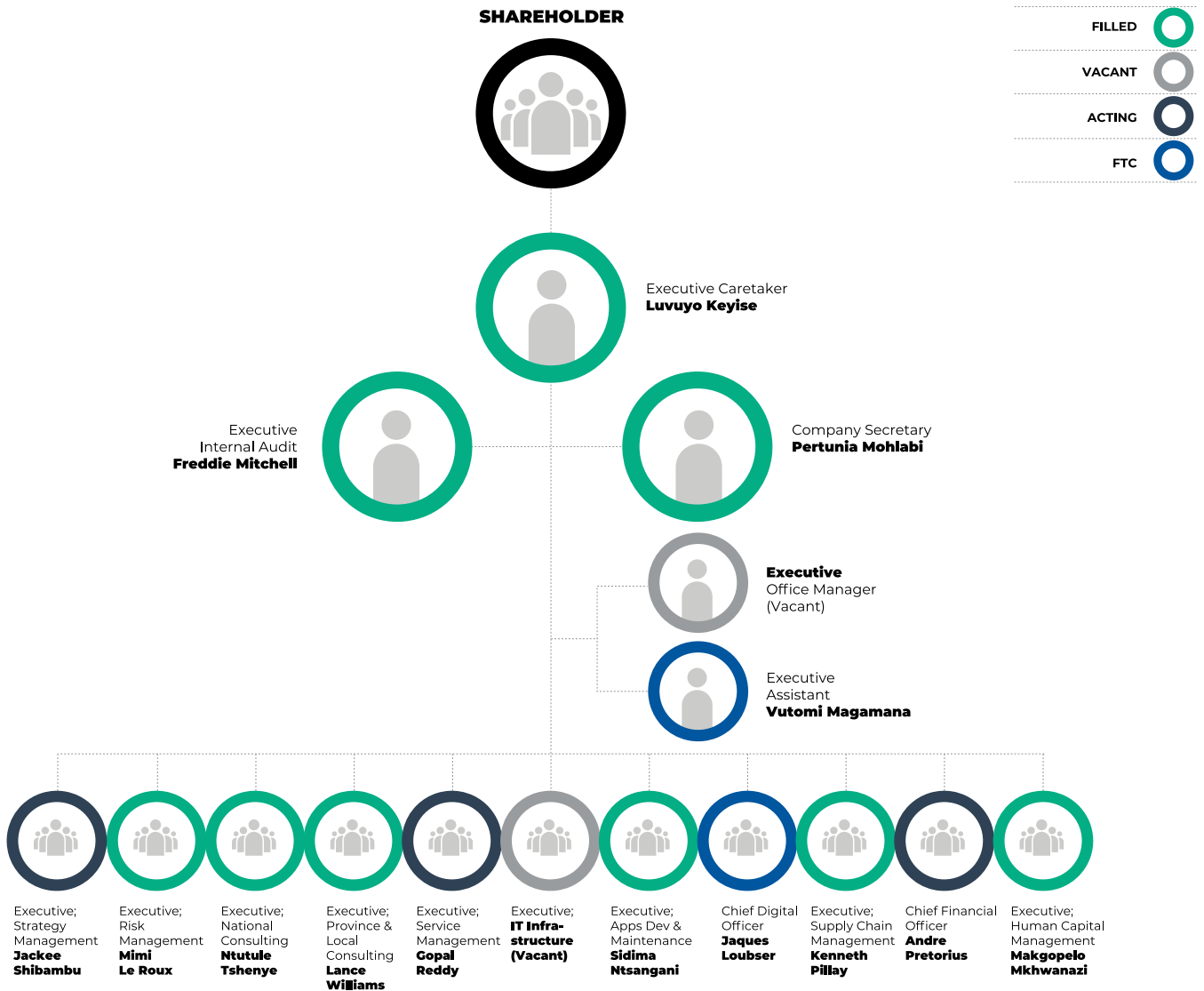


Figure 22: SITA Macro Organisational Structure

### 1.4.2 HUMAN CAPITAL MANAGEMENT

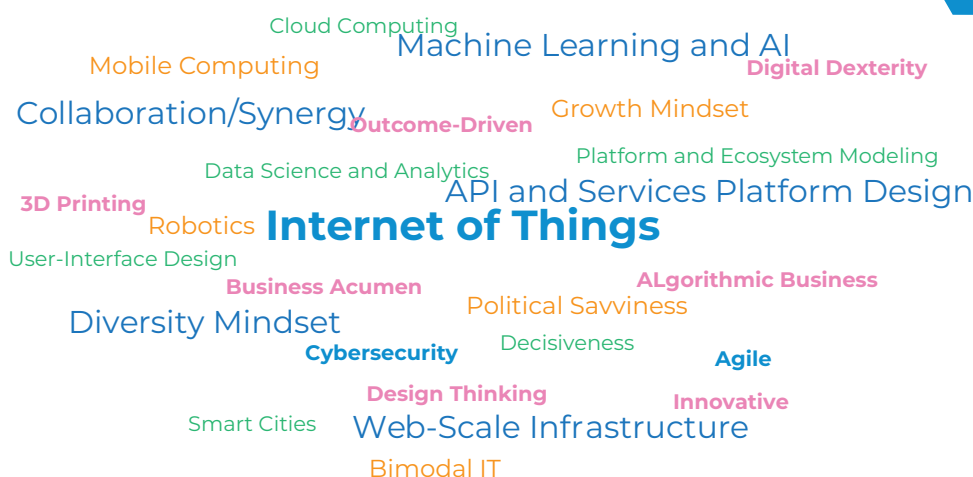
SITA recognises that digital transformation warrants a parallel process to be followed; namely digitisation of its internal business environment while enabling digitisation of government. One of the critical success factors is to build a corporate culture underpinned by good business ethics that support the transformation process. When transcending the organisational, professional, and cultural boundaries of a digital government, developing new capabilities and capacitating the organisation becomes even more important.

The implementation of the SITA digital strategy requires investment in new skills and creation of a new culture across all levels of the organisation, while the creation of a digitally enabled environment requires a sound business model.

The organization's ambition to embark on a digital transformation journey to improve government service delivery requires capable and effective digital and/or digitally aware skills in both the core and support functions. To attract, create, transform and retain such skills requires the human capital management function to understand the strategic digital transformation journey, be aware of the overall requirements of talent management in the digital age, possess some modicum of digital skills and run its processes and systems largely through digital channels and tool sets such as Advanced Big Data HR Analytics, Artificial Intelligence sub-capabilities such as Machine Learning and Natural Language Processing.

The shift from a common enterprise IT model to an integrated digital model compels SITA to revisit its capabilities at both leadership and technical skills levels. For example, research shows that over the next 10 years, smart data-driven artificial intelligence (AI) and smart machines will augment human aptitudes and capabilities but that these machines will still require the human being to assist them in configuration and learning. The skills required for this future are not available in abundance and local basic and higher education curriculum may be lagging behind in the requirements of business organizations in general and the Government enterprise in particular. In order to keep abreast of changing skills requirements, organizations that are implementing digital transformation strategies should consider a matrix of the skill sets presented below:

## Digital Capabilities Critical to Your Organization



**Figure 23: Capabilities Required for Digital Transformation**

Over the next 5 years SITA human capital management capability will create an enabling environment by focusing on the following four (4) key areas, namely HR Digitalization; Digital Skills Attraction, Generation, Continuous Enhancement and Retention (ICT Skills Growth); HR Customer Centricity and Transformational Leadership.

The fourth industrial revolution (4IR) drives changes in the emerging technologies and end user demand causing abrupt imbalances that may shift the need for skills that were acquired to support existing systems. The pressure to digitally transform creates an increased demand where there is limited supply. SITA aims to build its competitive advantage on amongst other things, the ability to use different developmental approaches to develop the skills. This will require partnering with OEM's, industry and academic institutions with views to build a customised Digital Skills Academy System with a sole purpose being to aggressively build ICT skills of the future, particularly to support the Government Enterprise internally and externally.

Digital transformation is a constant journey that poses a major case for change within an organization which influences its culture and the talent it attracts and retains. The success of this journey depends on its ability to 'learn, re-learn and unlearn' quickly to remain relevant. An organisation in this space should be driven by the leadership team that possess the required competencies that can drive change and transformation by amongst other things, winning the hearts and minds of the employees. SITA will therefore review the leadership competency model in order to support the attraction and retention of required skills. Importantly up skilling its internal workforce at all levels is not only a corporate moral obligation but an absolute imperative which will enable the organisation to remain competitive and thrive today and into the future.

### 1.4.3 FINANCIAL SUSTAINABILITY

SITA provides critical ICT services and solutions to government departments and State Institutions, these services and solutions are designed to enhance service delivery by combining innovation with practical demonstrable outcomes. SITA has to balance the need to remain sustainable, with providing the best value for money offerings given that it is self-funded.

As provided for in Section 16(2) of the SITA Act (Act 88 of 1998, as amended), SITA is required to obtain approval of the adjustments to rates and tariffs from its line Minister in consultation with the Minister of Finance. SITA has made several attempts to obtain approval for the proposed adjustments to its rates and tariffs with no success, the Agency is currently operating with rates that are 10 years old.

SITA finds itself at a cross roads of technology transformation in government as the demands for modern ICT solutions increases to improve service delivery obligations. Since the last tariffs and rates review in 2008/09, there have been changes to the SITA's cost structure, workforce complement, skills mix and skills sets to deliver services. Price increases and/or decreases, in general may have resulted in material fluctuations (up or down) in comparison to the last approved rates.

Continued existence in business can only be guaranteed when the business generates sustainable revenues which continue to grow over time. The current revenue streams must be protected and extended as far as is practically possible to ensure that SITA is able to grow financially and be sustainable in the future. SITA is currently funded by monies received for services rendered that are stipulated in the service level agreement referred to in section 20 of the SITA Act, concluded with government departments. SITA also facilitates the selling of ICT goods and services to government departments and public bodies.

The forward-looking strategy is that the organisation must continually introduce new products and solutions that will serve to grow new revenue streams as a replacement of those that are becoming obsolete and help keep the organisation reinventing itself. A sustainable business model is therefore imperative.

SITA has invested and continue to invest in projects with a breakeven point at some point in the future. This together with the need to modernise and 4IR requirements put significant strain on internally generated cash resources. The capital requirements for broadband and other strategic projects in terms of the new business model far exceed the company's borrowing capacity. A combination between different funding options, for example, grants, internally generated funds, external borrowing, deferring projects with a longer breakeven point and negotiating service-based contracts with service providers need to be considered in order to remain financially sustainable and viable.

Entities under Schedule 3A are normally an extension of a public entity with the mandate to fulfil a specific economic or social responsibility of government. They rely on government funding and public money, either by means of a transfer from the revenue fund or through statutory money. As such, entities under schedule 3A have the least autonomy. The difference between SITA and other Schedule 3A entities is that SITA is run in accordance with general business principles, and it generates profits that keep it self-sustainable without reliance on government funding and or public money.

Section 66 of the PFMA provides a restriction on borrowings, guarantees and other commitments in that a national government business enterprise listed in Schedule 3 may borrow money, or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that public entity to any future financial commitment only through:

- (a) An authorised notice in the national Government Gazette by the Minister (Minister of Finance); and
- (b) The accounting authority for that government business enterprise subject to any conditions the Minister may impose.

In terms of the new business model, SITA will provide services and charge tariffs for these services, compared to a resource-based approach where it acts purely as an agency. This strategic outlook has an impact on the manner in which SITA is funded, and should the existing internal funding model be continued it would result in cash flow restrictions which may prevent SITA from achieving its strategic goals. As a result, the impact on the capital and operational budget needs to be considered and will require SITA to borrow in order to fund these initial capital expenses.

**There are alternative options which may be considered appropriate to address this requirement and they include the following:**

- (a) Fast tracking the signing of service level agreements to be finalised as before the commencement of the financial year as it relates to will provide a more steady and even cash flow during the year and enable SITA to commit more internally generated funds in order to fund capital expenditure;
- (b) The rescheduling of SITA from a 3A public entity to a schedule 2A public entity in order to be mandated to borrow funds;
- (c) SITA needs to get approval to borrow money in order to fund the capital outlay on a case by case basis per the requirements of the PFMA as detailed above;
- (d) Negotiating service-based contracts with service providers in order to provide a full service and recovering a service fee from SITA will negate the need for SITA to procure the related equipment in order to provide the service; or
- (e) Obtain general funding directly from Government through the appropriation of funds via the budget process.



**There are several operational risks that must be considered when deciding on SITA's borrowing appetite and key ratios to be maintained, including:**

- (a) SOE rationalisation and the possible impact on SITA.
- (b) SLA's not signed on time.
- (c) Customers not paying on time due to budget constraints and internal challenges and service delivery complaints.
- (d) Resource augmentation is needed in order to align to the new business model. resource capacitation is needed in order to deliver until the new organisational design is completed and
- (e) systems have been aligned to the new SITA.
- (f) Risks relating to new revenue streams.
- (g) Current investments in strategic projects and the related return on investment generated so far indicates that upfront investments are required while projects will be generated profit only in future years.
- (h) Growing too fast may result in SITA running out of cash.
- (i) Broadband revenue typically as a breakeven point of about 6 years.

Considering the above, it is proposed that a solvency ratio of 2:1 should not be exceeded. Based on the latest audited financial statements the maximum affordable amount of borrowing is estimated at R887m. However, due to the risks involved and the SOC rationalisation process, external borrowing is not a preference for SITA.

Considering the above, the preference is to request the consolidation of the budget for Information and Communication Technology on a national level and allocating this budget to SITA. This will not cost government any additional funds as this represent a reallocation of budgets that are included for this purpose within the current national and provincial voted funds to SITA for optimisation. In this way government will be able to ensure that its overall investment is aligned to its objectives of creating a digital society and it will also be able to realise costs savings from the consolidation of purchasing power using economies of scale.

#### **1.4.4 OPERATING MODEL**

SITA intends to improve customer value experience and grow its market share. The Agency will establish a continuous service improvement culture that will ensure improved quality of service delivery and cost-effective offerings sourced and delivered through an improved governance model.

SITA will continue to take a customer-centric approach and respond to the needs of various stakeholders, namely; the public sector, including all SOEs, as well as the broader consumers of public services. The consulting and advisory capabilities of SITA aim to establish a strategic partnership with government, have an intimate understanding of government business, provide socio-economic insights and

thought leadership, and solutions and services that create value for government and improve the lives of citizens.

SITA aims to be a strategic partner to shape and shift government into the digital era through a collaborative effort to ensure readiness by both government and citizens. Research and innovation is a key enabler in gathering and analysing intelligence regarding how citizens aspire to interact with government and assess the readiness for change. This will ensure that the digital services and solutions are effective and engaging for both government and citizens. The Agency endeavours to build a customer-centric organisation and implement strategy that breaks silos and encourages collaboration, share and integrate customer data across functions, and overhaul the culture, processes and technology stacks to support a customer-centric approach.

The service request fulfilment model is centered on the principles of customer centricity the customer's business landscape and key imperatives are shaped by government's plan of action which ultimately aims to improve service delivery to the citizens of SA. SITA's business imperative is to enable government to improve service delivery to citizens through information and communication technology.

In alignment with building a customer-focused organisation, SITA has adopted a market-focused organisational archetype which emanates from the Organisational Health Index (OHI), based on two surveys which were conducted. The OHI results provided insight from employees and customers on areas that require special emphasis to build a market-focused organisation.

**The areas of focus listed below are aligned to the revised SITA business model vision:**

- (a) **Customer focus:** Understanding customers and responding to their needs;
- (b) **Competitive insights:** Acquiring and using information about the government ICT market to inform Business decisions;
- (c) **Business partnerships:** Building and maintaining a network of external business partners;
- (d) **Financial management:** Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance;
- (e) **Government community relations:** Developing strong relationships with the public, local communities, government and regulatory agencies; and
- (f) **Capturing external ideas:** Importing ideas and best practices from outside organisations.

A government customer's business landscape and key imperatives are shaped by government's plan of action which ultimately aims to improving service delivery to the citizens of South Africa. SITA's business imperative is to enable government to improve service delivery to citizens through information and communication technology. The figure below reflects the SITA customer engagement and delivery model.

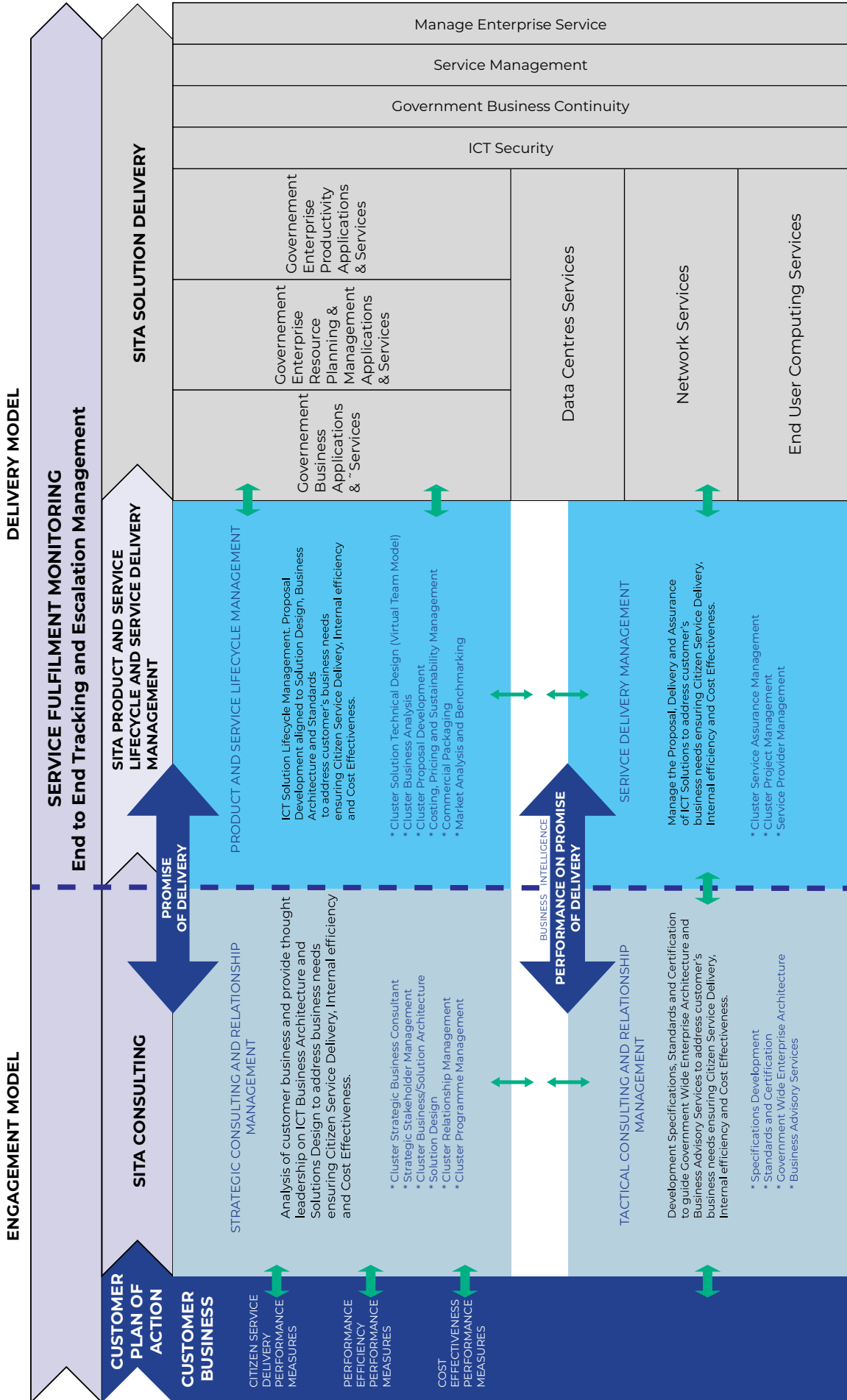


Figure 24: Customer Engagement and Delivery Model

SITA's customer engagement model aims to, firstly, ensure an in-depth understanding of a customer's business to provide thought leadership on information and communication technology solutions that address specific needs. This is achieved through SITA's strategic consulting, solution design and relationship management capabilities using various sources of business intelligence to address citizen service delivery challenges. This includes SITA' tactical consulting, which provides the relevant architecture and specification standards to inform solution architecture and design.

Information and communication technology solutions generated through thought leadership are then transformed by product and service lifecycle management capabilities into detailed technical design and customer solution proposals, tapping into various sources of detailed business intelligence. These detailed customer solution proposals present a "promise of delivery" that is positioned to improve citizen service delivery, customer internal efficiencies and cost effectiveness aligned to the customer's business landscape and key imperatives.

SITA Solution Delivery then rolls outs solutions as per SITA's customer delivery model using internal capability and industry partnerships covering application, data centre, networks and end-user computing with embedded ICT security, business continuity and service management services.

The service delivery management capability focus is on fulfilment monitoring, i.e., performance on the promise of delivery, which ensures oversight through end-to-end tracking and escalation management ensuring that the solution value proposition is effectively and efficiently delivered and maintained.

The figure below reflects the interaction between capabilities that designs the 'promise of delivery' and monitors and drives the performance on the promise of delivery, which is ultimately aimed at improving service delivery to government and the citizens of South Africa.

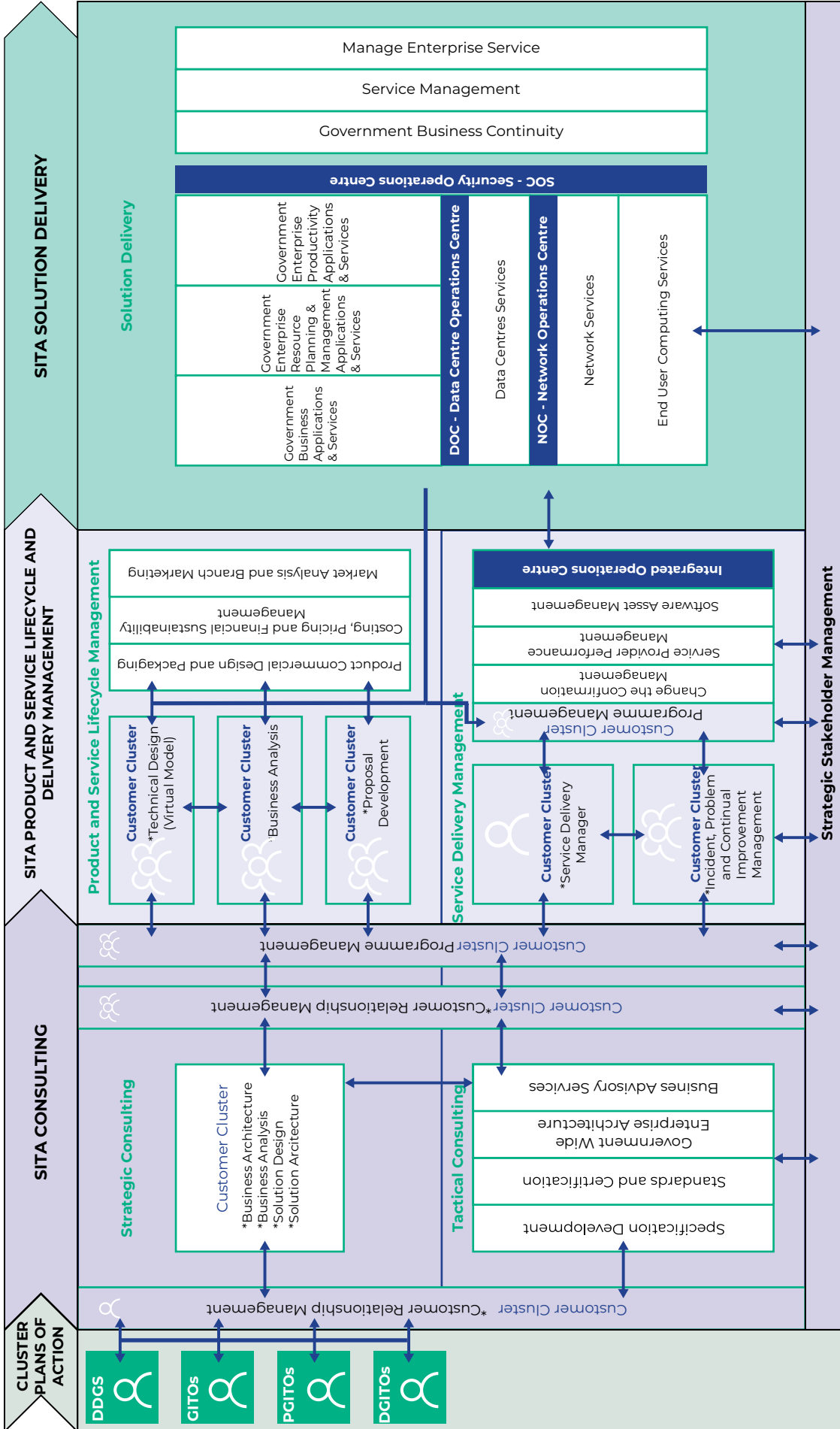



Figure 25: Consulting, Product/Service Lifecycle and Service Delivery Management, Solution Delivery Collaboration



The solution business architecture and technical design take on a customer cluster focus to ensure that solutions address the integrated nature of citizen service delivery challenges. This is driven through strategic consulting capabilities led by strategic business consulting and supported by relationship management and programme management to all customers in a cluster. The service delivery management capabilities underpinned by project management, incident management and continual improvement, change, service provider and software asset management, drives the delivery promised to each customer within the cluster. End-to-end monitoring is driven through an Integrated Operations Centre that draws information from various monitoring capabilities established in the solution delivery capabilities, i.e., the Network Operations Centre, Data Operations Centre and Security Operations Centre.

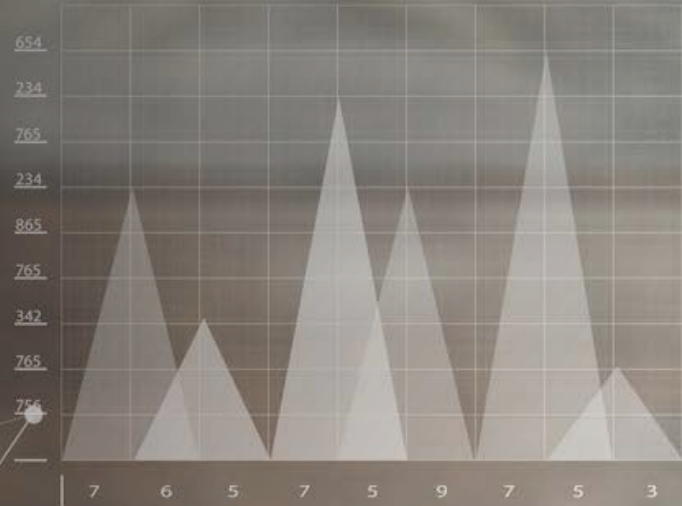
# PART C

## MEASURING OUR PERFORMANCE



1041	1054	1060	1066	1077	1083	1091	1095	1096
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# INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The diagram below depicts the five (5) strategic programmes that SITA will implement during the 2020-2021 financial year. The APP is cascaded to the organisation through the corporate balanced scorecard and each business environment develops its operational plans and the divisional balanced scorecard to support implementation of the APP. Furthermore, performance is monitored and evaluated regularly through relevant governance structures and where required appropriate interventions are implemented to improve performance.

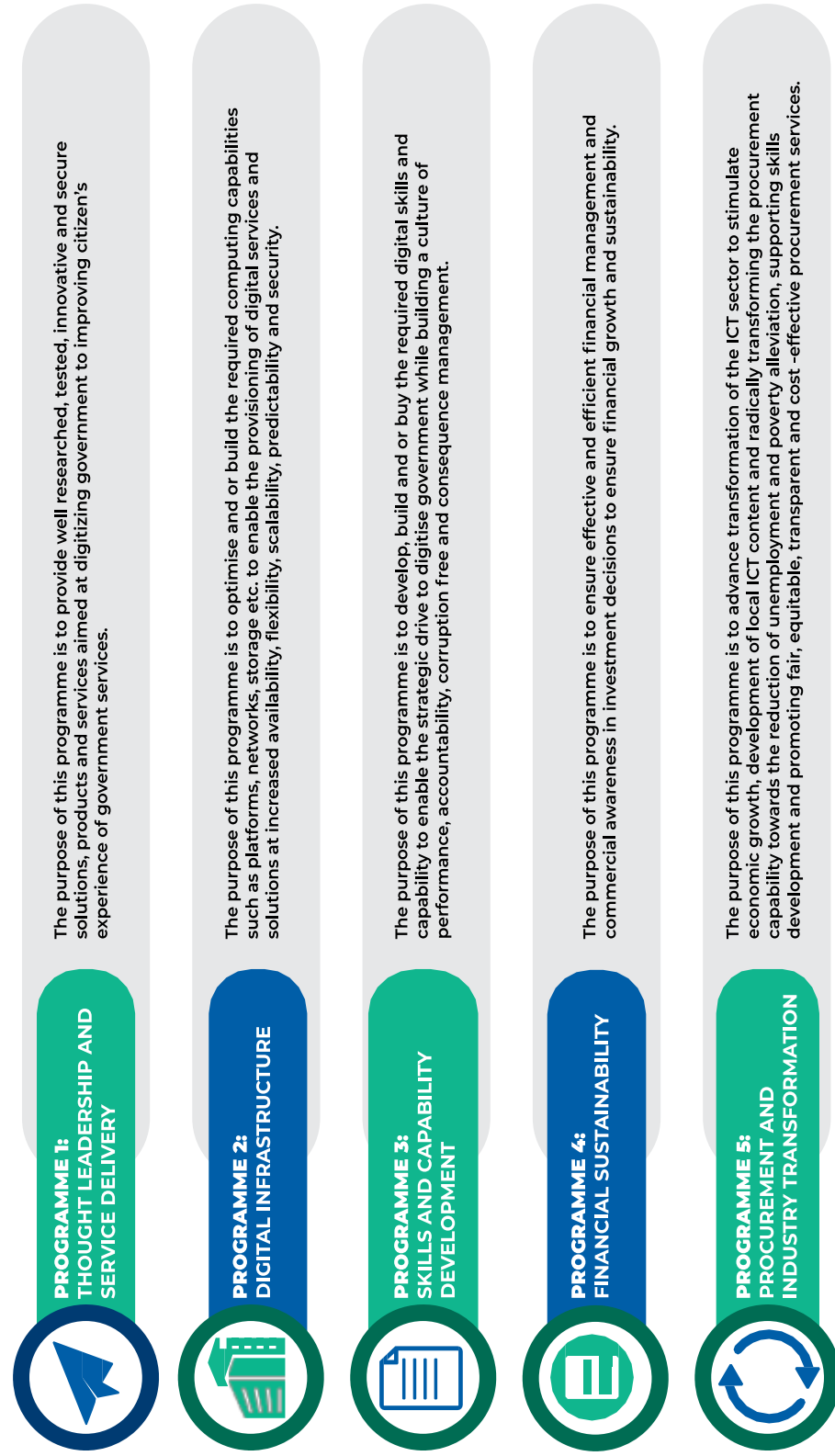


Figure 26: Strategic programmes



## 2 PROGRAMME 1: THOUGHT LEADERSHIP AND SERVICE DELIVERY

### 2.1 Programme Purpose

The purpose of this programme is to provide well researched, tested innovative and secure solutions, products and services aimed at digitizing government to improving citizen's experience of government services.

### 2.2 Outcomes, Outputs, Performance Indicators and Targets

**TABLE 1:** THOUGHT LEADERSHIP AND SERVICE DELIVERY PROGRAMME PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS

Outcomes	Outputs	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019 - 2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020 - 2021	2021-2022	2022-2023
Seamless integrated and trusted public services	Contracted SLA metrics achieved	% performance against measured contracted SLA metrics	95.6% performance against measured contracted SLA metrics	96.38% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	90% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	
Open Innovation solutions commercialised		# of open Innovation solutions commercialised	-	-	-	1 open innovation solution commercialised	2 open innovation solutions commercialised	3 open innovation solutions commercialised	
Achieve growth in government market share		% increase in government market share	10.8% increase in government market share on designated services (increase on 2016/2017)	10.7% increase in government market share on designated services (increase on 2017/18)	10% increase in government market share on designated services (increase on 2018/19)	10% increase in government market share on designated services (redefined baseline based on SITA's 2020/21 service portfolio in scope) [1]	10% increase in government market share on designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)	10% increase in government market share on designated services (defined baseline based on SITA's 2022/23 service portfolio in scope)	

[1] Designated services are those services offerings in the SITA service portfolio for a particular financial year. The service portfolio for a financial year is unique due to some services becoming retired while other new services become available

Outcomes	Outputs	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019 - 2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020 - 2021	2021-2022	2022-2023
Increased citizens value through availability of core government public facing services on digital platforms	Digital Platform Established	# of digital platforms deployed	-	-	-	-	3 digital platforms established	API Middleware Platform established	-
	Integration of government data and systems	# of use cases deployed through the integration of government data and systems	-	-	-	-	1 Big Data Analytics Use Case deployed	4 Big Data Analytics Use Cases deployed	4 Artificial Intelligence/IoT Use Cases deployed

### 2.3 Output Indicators: Annual and Quarterly Targets

**TABLE 2:** THOUGHT LEADERSHIP AND SERVICE DELIVERY PROGRAMME QUARTERLY TARGETS

Output Indicator	Annual Target 2020-2021	Quarterly Targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% performance against measured contracted SLA metrics	90% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	90% performance against measured contracted SLA metrics	90% performance against measured contracted SLA metrics	90% performance against measured contracted SLA metrics
# of open Innovation solutions commercialised	1 open Innovation solution commercialised	Open innovation solution commercialization implementation plan	-	-	1 open Innovation solution commercialised
% Increase in government market share	10% increase in government market share on designated services (redefined baseline based on SITA's 2020/21 service portfolio in scope)	-	-	-	10% increase in government market share on designated services (redefined baseline based on SITA's 2020/21 service portfolio in scope)
# of digital platforms	3 digital platforms deployed	Establish the architectures for the Cloud IDE and DevOps Platforms	Establish the architectures for the API Middleware Platform	Acquire the Cloud IDE and DevOps Platforms	Big Data Analytics Platform in production and Establish the Cloud IDE and DevOps Platforms in production
# of use cases developed through the integration of government data and systems	1 Big Data Analytics Use Case deployed	-	-	-	1 Big Data Analytics Use Case deployed

# 3 PROGRAMME 2: DIGITAL INFRASTRUCTURE

## 3.1 Programme Purpose

The purpose of this programme is to optimise and or build the required computing capability such as platforms, networks, storage etc. to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security.

## 3.2 Outcomes, Outputs, Performance Indicators and Targets

**TABLE 3:** DIGITAL INFRASTRUCTURE PROGRAMME PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS

Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium- Term Targets		
			2016-2017	2017-2018	2018-2019		2020 - 2021	2021-2022	2022-2023
Optimised digital infrastructure	SA Connect sites connected	% SA Connect sites connected as per the government order (layer 3 connectivity)	-	-	270 SA Connect phase 1 sites maintained at bandwidths of 10Mbps	100% SA Connect sites connected as per the government order (layer 3 connectivity)	100% SA Connect sites connected as per the government order (layer 3 connectivity)	100% SA Connect sites connected as per the government order (layer 3 connectivity)	100% SA Connect sites connected as per the government order (layer 3 connectivity)
Improve Security of Government Data assets	% Establishment and operationalization of the Security Operations Centre Capability (SOC)		Attain Information Security Level 3 as per generic security codes	Attain Information Security Level 2 as per generic security codes	Attained Information Security Maturity Level 3 as per ISF security model for 11 discipline areas	-	100% Implementation of planned activities for security operational centre capability	Establish the Security Operations Centre Service	25% Implementation the Security Operations Centre on a Central Management and Reporting Platform
	% of Implementation of unified communications capability		-	-	-	-	100% Implementation of planned activities for unified communication plan for SITA	Grow customer footprint	Grow customer footprint
Network Modernisation	% Establishment and operationalization of the Software Defined Network (SDN) capability		-	-	-	-	100% Implementation of planned activities for the unified communication plan for SITA	Implement Software Defined Network on Data Centre Network and Core Layer 3 (MPLS)	25% Implementation of Software Defined Network on Layer 1 & 2

Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium- Term Targets		
			2016-2017	2017-2018	2018-2019		2020 - 2021	2021-2022	2022-2023
On-boarding of clients to Private On-Premise of Cloud Foundation Infrastructure (CFI)	% of Cloud Foundation Infrastructure (CFI) capacity utilised	-	-	-	-	100% Cloud Foundation Infrastructure (CFI) capacity utilised	-	-	
Modernise Data Centre Facilities	# of Data Centres facilities modernized <sup>[2]</sup>	-	-	-	-	Complete the following upgrades in line with Tier3 requirement: Uninterruptible Power Supply (UPS) Fire Suppression Access Control Systems	60% data centre facility capacity utilised	80% data centre facility capacity utilised	

[1] Achievement of this target is dependent on BBI completing connectivity at layer 2 i.e. all sites tested and functional, as per the Open Systems Interconnection (OSI) levels and this must be completed prior to SITA completing connectivity at layer 3.

[2] FY2020/21 will focus on the modernisation of the data centre facility to ensure readiness for the provision of the service to clients which is targeted for FY 2021-2023 i.e. Data Centre capacity provided to clients

### 3.3 Output Indicators: Annual and Quarterly Targets

**TABLE 4:** DIGITAL INFRASTRUCTURE PROGRAMME QUARTERLY TARGETS

Output Indicators	Annual Target 2020-2021	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% SA Connect sites connected as per the government order (layer 3)	100% SA Connect sites connected as per the government order (layer 3)	-	-	-	100% SA Connect sites connected as per the government order (layer 3)
% Establishment and operationalization of the Security Operations Centre Capability (SOC)	100% Implementation of planned activities for security operational centre capability	Security operations centre capability implementation plan	-	-	100% Implementation of planned activities for security operational centre capability
% Implementation of Unified Communications Capability	100% Implementation of planned activities for the unified communication plan for SITA	Unified communications capability implementation plan	-	-	100% Implementation of planned activities for the unified communication plan for SITA

Output Indicators	Annual Target 2020-2021	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
100% Implementation of the planned activities for the Software Defined Network (SDN) capability	100% Implementation of the planned activities for the Software Defined Network (SDN) capability	Software Defined Networks capability implementation plan	-	-	100% Implementation of the planned activities for the Software Defined Network (SDN) capability
% of Cloud Foundation Infrastructure (CFI) capacity utilised	100% Cloud Foundation Infrastructure (CFI) capacity utilised	20% Cloud Foundation Infrastructure (CFI) capacity utilised	50% Cloud Foundation Infrastructure (CFI) capacity utilised	70% Cloud Foundation Infrastructure (CFI) capacity utilised	100% Cloud Foundation Infrastructure (CFI) capacity utilised
# of Data Centres facilities modernized	Complete the following upgrades in line with Tier3 requirement:	Data Centre facility modernization plan	-	Complete configuration and testing of the following:	Complete the following upgrades in line with Tier3 requirement:
	<ul style="list-style-type: none"> <li>Uninterruptible Power Supply (UPS)</li> <li>Fire Suppression</li> <li>Access Control Systems</li> </ul>			<ul style="list-style-type: none"> <li>Uninterruptible Power Supply (UPS)</li> <li>Fire Suppression system at Centurion DC</li> <li>Access control system at Centurion DC</li> </ul>	<ul style="list-style-type: none"> <li>Uninterruptible Power Supply (UPS)</li> <li>Fire Suppression</li> <li>Access Control Systems</li> </ul>

## 4 PROGRAMME 3: SKILLS AND CAPABILITY DEVELOPMENT

### 4.1 Programme Purpose

The purpose of this programme is to develop, build and or buy the required digital skills and capability to enable the strategic drive to digitise government while building a culture of performance, accountability, corruption free and consequence management.

### 4.2 Outcomes, Outputs, Performance Indicators and Targets

**TABLE 5:** SKILL AND CAPABILITY DEVELOPMENT PROGRAMME PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS

Outcome	Output	Output Indicators	Audited/ Actual Performance		Estimated Performance 2019-2020	Medium-Term Targets	
			2016-2017	2017-2018		2020 - 2021	2021-2022
Enhanced workforce capability solving complex problems and adopting innovative solutions	Employees trained against the workplace skills plan with focus on digital skills	% of employees trained against the workplace skills plan	-	-	70% of employees trained against the workplace skills plan	60% of employees trained against the workplace skills plan	60% of employees trained against the workplace skills plan

Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020 - 2021	2021-2022	2022-2023
	Digital and Ethical culture developed	% Implementation of the Culture Plan	-	-	-	-	100% Implementation of planned activities as per Culture Plan	Embed Transformation and ethical business culture	Integrate digital culture into agile and digitised organisation

#### 4.3 Output Indicators: Annual and Quarterly Targets

**TABLE 6:** SKILLS AND CAPABILITY DEVELOPMENT PROGRAMME QUARTERLY TARGETS

Output Indicators	Annual Target 2020-2021	Quarterly Targets		
		Quarter 1	Quarter 2	Quarter 3
% of employees trained against the workplace skills plan	60% of employees trained against the workplace skills plan	Approved workplace skills plan	20% of employees trained against the workplace skills plan	40% of employees trained against the workplace skills plan
% Implementation of the Culture Plan	100% implementation of planned activities as per Culture Plan	Digital and Ethical Culture implementation plan	-	100% implementation of planned activities as per Culture Plan

## 5 PROGRAMME 4: FINANCIAL SUSTAINABILITY

### 5.1. Programme Purpose

The purpose of this programme is to ensure effective and efficient financial management and commercial awareness in investment decisions to ensure financial growth and sustainability.

### 5.2. Outcomes, Outputs, Performance Indicators and Targets

**TABLE 7:** FINANCIAL SUSTAINABILITY PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS

Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020-2021	2021-2022	2022-2023
Innovative digital service investments	Improved EBITDA	#EBITDA	2.75%	R263m	-R48.3m	R130m	R84.3m	R42.4m	R103.5m
promoting financial sustainability	Improved net collection rate	% net collection rate	-	94%	80%	80% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate

### 5.3 Output Indicators: Annual and Quarterly Targets

**TABLE 8:** FINANCIAL SUSTAINABILITY PROGRAMME QUARTERLY TARGETS

Output Indicators	Annual Target 2020-2021	Quarterly Targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
#EBITDA	R84.3m	R0	R35m	R60m	R84.3m
% net collection rate	80% net collection rate	65% net collection rate	60% net collection rate	70% net collection rate	80% net collection rate

There is no target for quarter 1 as SITA will be finalising signoff of service level agreements.

## 6 PROGRAMME 5: PROCUREMENT AND INDUSTRY TRANSFORMATION

### 6.1. Programme Purpose

The purpose of this programme is to advance transformation of the ICT sector to stimulate economic growth, development of local ICT content and radically transforming the procurement capability towards the reduction of unemployment and poverty alleviation, supporting skills development and promoting fair, equitable, transparent and cost-effective procurement services.

### 6.2 Outcomes, Outputs, Performance Indicators and Targets

**TABLE 9:** PROCUREMENT AND INDUSTRY TRANSFORMATION PROGRAMME PERFORMANCE INDICATORS AND MEDIUM-TERM TARGETS

Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020-2021	2021-2022	2022-2023
Reshaping the supply chain through ICT economic transformation	Procurement awards made within targeted customer timeframes	% of procurement awards completed within targeted turnaround times	34% of tender awards completed within the targeted turnaround time	28.94% of tender awards completed within the targeted turnaround time	33.9% of tender awards completed within the targeted turnaround time	50% of tender awards completed within targeted turnaround time	75% of procurement awards completed within targeted turnaround times	90% of procurement awards completed within targeted turnaround time	95% of procurement awards completed within targeted turnaround time
Improved procurement turnaround times from SITA for repetitive procurements	# of transversal contracts implemented		-	-	-	-	5 transversal contracts implemented	10 transversal contracts implemented	15 transversal contracts implemented



Outcome	Output	Output Indicators	Audited/ Actual Performance			Estimated Performance 2019-2020	Medium-Term Targets		
			2016-2017	2017-2018	2018-2019		2020-2021	2021-2022	2022-2023
	Increased acquisition spend through black SMME entities on influenceable spend	% of acquisition spend through black SMME entities	20.03% of acquisition spend through SMME entities	14.22% of acquisition spend through SMME entities	19.84% of acquisition spend through SMME entities	40% of acquisition spend through SMME entities	40% of acquisition spend through black SMME entities on influenceable spend	50% of acquisition spend through black SMME entities on influenceable spend	60% of acquisition spend through black SMME entities on influenceable spend

### 6.3 Output Indicators: Annual and Quarterly Targets

**TABLE 10:** PROCUREMENT AND INDUSTRY TRANSFORMATION PROGRAMME QUARTERLY TARGETS

Output indicators	Annual Target 2020-2021	Quarterly Targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of procurement awards completed within targeted turnaround times	75% of procurement awards completed within targeted turnaround times	80% of procurement awards completed within targeted turnaround times	70% of procurement awards completed within targeted turnaround times	70% of procurement awards completed within targeted turnaround times	75% of procurement awards completed within targeted turnaround times
# of transversal contracts implemented	5 transversal contracts implemented	-	-	2 transversal contracts implemented	5 transversal contracts implemented
% of acquisition spend through black SMME entities	40% of acquisition spend through black SMME entities on influenceable spend	40% of acquisition spend through black SMME entities on influenceable spend	40% of acquisition spend through black SMME entities on influenceable spend	40% of acquisition spend through black SMME entities on influenceable spend	40% of acquisition spend through black SMME entities on influenceable spend

## 07

EXPLANATION OF **PLANNED PERFORMANCE**  
OVER MEDIUM-TERM PERIOD

For the medium-term period, SITA will continue to implement its outcomes, outputs and activities to deliver on its mandate to achieve the desired impact through the broader spectrum of government digital transformation to the South African citizens and to support the shareholders' priorities to drive and lead the implementation of 4IR within government and the country. SITA will implement its planned performance for the 2020/21 FY through the five (5) organisational Strategic Programmes and available resources.

**Programme 1:** Thought Leadership and Service Delivery

As Public services business systems and infrastructure are still predominantly within the traditional IT services paradigm, the strategy is to modernise the traditional environment utilising Cloud Computing as a catalyst towards realising a digital services-oriented public service. The demand for cloud services is growing with requirements emanating from various government departments and SITA will continue to provide clients with cloud services and furthermore offer capabilities such as Data Management, Data Analytics, and Internet of Things (IoT) for an enriched customer experience.

SITA is working on establishing a platform that serves as a solution to enable the integration and sharing of government data across government departments. This is for establishing a responsive government through enriched Big Data Analytics both for stored data (data-at-rest) and streamed data (data-in-motion), a CORE ingredient for Machine Learning, Artificial Intelligence, Robotics, Internet of Things, and other capabilities across the Cognitive Computing spectrum. The platforms will serve as a building block towards the enablement of a data-driven, API-driven, and open innovation ecosystem. The platform will also enable the transformation of government data into information that provides government with hindsight, insights, and foresight for improved planning and evidence-based prioritization of government resources.

SITA's Platform-driven and API-driven delivery model will be powered by the Cloud Integrated Development Environment (Cloud IDE) platform which is a low risk implementation to get going towards introducing a comprehensive DevOps practice. SITA is making a shift from Infrastructure-as-a-Service (IaaS) based applications to, hybrid, and finally to Platform-as-a-Service (PaaS). The Cloud IDE platform enables both the local and remote development teams to collaboratively and rapidly deliver new applications, utilities, and APIs in a standardized manner decreasing variance, increasing efficiencies, providing a uniform solution experience to the SITA clientele. Different and geographically dispersed development teams (e.g. SITA Development Teams located in different regions and Industry Innovators) can have efficient ways of collaborating and working together on building software, where they can setup Skype sessions and code in a "virtual room" where they bounce off ideas and communicate real-time as they develop solutions. The added benefit is that the native analytics capability provides Research and Development teams with a way to track and report on the enhancements and efficiency of the team for evidence-based continuous improvements.

**Programme 2:** Digital Infrastructure

Digital Infrastructure Cyber-security has been identified as a key strategic priority for the repurposing of SITA and it therefore becomes imperative within the digital and fourth industrial era. In response to that, SITA has adopted a holistic approach that will not only respond to cyber-security threats but will also look at the entire end-to-end value chain of ICT security and therefore for the 2020/21 SITA will establish a Security Operations Centre (SOC). A SOC will be a centralised business unit that deals with information security on an enterprise level by 24/7 monitoring and analysis of security events to prevent, detect and respond to security incidents, using a combination of technologies and well-defined processes. Upon the establishment of the SOC capability SITA will render these services to its clients.

Through this programme, SITA will provide Virtual Private Network services to improve connectivity and access of citizens and organisations to government services through a secure, efficient and cost-effective medium. In implementing its mandate, SITA is working in collaboration with the Executive Authority to roll out broadband connectivity as per the SA connect broadband policy through available resources; collaboration with other government entities and partnerships with industry in the financial year.

Furthermore, to ensure effective and efficient implementation of the government digitisation vision, SITA has initiated a process to modernise its network and follow industry trends which show a move to a hybrid network, virtualisation function services and Software Defined Network (SDN) which are more effective, efficient and agile using the already established cloud-based infrastructure and technologies. This will be achieved through implementation of the SDN blueprint as well as building Hosted Unified Communication Capability.

**Programme 3: Skills and Capability Development**

SITA recognises that over the next 3 years that implementation of its digital transformation strategy requires investment in new skills and building a digital culture across all levels of the organisation, while the creation of a digitally enabled environment requires a sound business model. According to a research by Gartner, the allocation of resources, availability of talent, with the organisation's culture ranking the highest have been identified as the top three (3) barriers to digital business transformation with resources and skills. Culture therefore threatens transformation because existing cultural norms don't support new behavioral expectations. Employees struggle to make trade-offs when their existing judgment — based on existing cultural norms — no longer apply.

Digital transformation is a constant journey that poses a major case for change within an organization which influences its culture and the talent it attracts and retains. The success of this journey depends on its ability to 'learn, re-learn and unlearn' quickly to remain relevant. An organisation in this space should be driven by the leadership team that possess the required competencies that can drive change and transformation by amongst other things, winning the hearts and minds of the employees. SITA will therefore review the leadership competency model in order to support the attraction and retention of required skills. Importantly up-skilling its internal workforce at all levels is not only a corporate moral obligation but an absolute imperative which will enable the organisation to remain competitive and thrive today and into the future.

It is also imperative to note the provisions of King IV which explains the governance of ethics as the role of the governing body which ensures that the ethical culture within the organisation is aligned to the tone set by the governing body through implementation of appropriate policies and practices. This suggests that an organizational culture will mostly succeed if embedded in an ethically deep rooted environment/organization.

The revised SITA values which now include values of customer – centricity, collaboration and agility will serve as a catalyst to SITA's portraying new behaviours that will support an unforgettable customer experience. In order to embed an ethical and digital culture across the Agency, a comprehensive culture roadmap will be implemented to transition SITA to an innovative ICT government service provider.

**Programme 4: Financial Substantiality**

SITA is committed to remain financially sustainable within the context of the SOC rationalisation initiatives and digital transformation. The focus for the medium and long term will be to improve the profitability and cash collection in order to invest in projects that will provide the basis for sustainable future revenue streams and long terms sustainability.

In order to refocus SITA within the context of the SOC rationalisation initiatives and the transformation of SITA and to modernise current infrastructure, funding is needed. The capital expenditure requirements far exceed the cash that is created by the company and alternative sources of funding will need to be identified.

**Programme 5: Procurement and Industry Transformation**

As per the SITA Act and regulations, SITA is mandated to provide ICT procurement services across all spheres of government thereby ensuring quality services and products with high economic value. For 2020/21 FY SITA will continue with the implementation of a delivery platform to address traditional problems related to ease of buying by departments, ease of executing approaches to the market, ease of evaluating and adjudicating responses to the market, and managing the resulting contracts as reflected in the supply chain system. Parallel to that, SITA has initiated an internal procurement reform process to improve its procurement challenges with a desired outcome to minimise the number of cancellations on bids, to optimise the tender administration process that will result in improved turnaround times. Furthermore, SITA will improve its supplier market intelligence approach and response to render effective supply chain services to SITA and its clients.

SITA will drive growth of ICT SMMEs through the implementation of preferential procurement enablers such as channeling 30% of its supply chain spend to emerging suppliers and other preferred groups, namely; black-owned businesses, youth, women, military veteran, rural, and people with disability. SITA will also facilitate other opportunities for SMMEs through provision of training, collaboration and partnering with Original Equipment Manufacturers (OEMs) and Original Software Manufacturers (OSMs) using targeted procurement approaches.



## 8.1 REVENUE

Revenue for the 2020/21 financial year is estimated at R6.144bn. This is a revenue increase of 26% as compared to the forecast for the 2019/20 financial year, but an 11% decrease of the approved budget for the 2019/20 financial year. The substantial increase in revenue over the 2019/20 projection will be achieved through the implementation of a number of projects which were incubated in previous financial years. SITA becoming a reseller of various brands has increased the potential for turnover, and has opened up markets for this and other service offerings to all organs of state, which in turn creates new business opportunities. The increase in revenue has a positive impact on gross profit in rand terms.

Depending on the role that SITA will be playing in SA Connect, the revenue figure can be increased based on the MTEF's allocations of the National Treasury. SITA is also becoming a key player in the provinces in the broadband space, and has also just launched GPC which is attracting interest from across the public sector. However, it should be noted that SITA cannot afford the total upfront initial investment required for broadband and conditional grants and/or other alternative sources of funding should be considered.

As previously indicated, SITA will continue to build on its business development strategies for revenue growth, harnessing more value and achieving a larger share of the current approved ICT expenditure. It is anticipated that the revenue growth should be achieved by the following:

- (a) Improved customer satisfaction;
- (b) Maintained and improved current "STARS" products /services;
- (c) Introduction of new services that respond to modern government demands;
- (d) Retaining of current business/customers;
- (e) Extension of full incorporation to national and provinces;
- (f) Growth of business in strategic departments and provinces
- (g) Growth of business at local government level;
- (h) Development of our reseller business; and
- (i) Focus on the Digitalisation strategic roadmap and link our service offerings to this end.

## 8.2 OPERATIONAL EXPENDITURE

Cost of sales is estimated to increase by 20% to a budgeted R4.823bn for the 2020/21 financial year as compared to the projection for the 2019/20 financial year, and a decrease of 8% compared to the amount budgeted for the 2019/20 financial year. The increase in cost of sales as compared to the 2019/20 projection is in line with the increase in revenue, but at a proportion less than the increase in revenue. This points to prudent budgeting principles and the cost cutting measures that have been implemented.

Operating expenses (Opex) are expected to increase by 38% from a forecast of R976.8m for the 2019/20 financial year to an estimated R1.350bn in the 2020/21 financial year. This increase is due to a focused approach towards employee training in line with the transformation goals of the organisation, once off investments for stabilising and modernising the operating environment and maintenance of buildings that needs urgent attention. The increase is also as a result of the focus on improving governance and compliance, and a concerted marketing drive to encourage the promotion and use of new SITA products and services at all tiers of government.

## 8.3 EBIT

EBIT is budgeted at R10.5m for the 2020/21 financial year. A more concerted and defined effort in managing the components of EBIT will enable the organisation to increase its operating surplus over the medium term in order to generate money for capital expenditure programs (Capex).

## 8.4 CAPITAL EXPENDITURE

The total capital expenditure requirement for the 2020/21 financial year is limited at a budgeted amount of R350m due to cash flow constraints. The total Capex requirement far exceeds this amount. Other sources of funding will have to be investigated in order to fund capital expenditure programs. Amounts available for capital expenditure of R350m depends on the timely signing of SLA's and subsequent receipt of the associated cash flows.

**“SMART CITIES ARE THE INTELLIGENT CITIES OF POSITIVITY AND HAPPYENERGY, NOT THE JUNKYARDS OF TECHNOLOGIES BUT CITIES OF DIVERSITY, LOVE, LIFE, BEAUTY, DIGNITY, FREEDOM, TOLERANCE, AND EQUALITY.”**

**“SMART IS NOT JUST A WORD; IT'S AN ATTITUDE.”**





# STATEMENT OF FINANCIAL PERFORMANCE

## Budgeted Statement of Financial Performance

	HISTORICAL DATA			MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Budget	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Service Revenue	4 110 910	5 741 243	4 157 246	5 647 271	6 078 962	6 552 997	6 946 177	7 362 948	
Agency Revenue	916 414	1 179 896	731 528	496 575	526 369	558 817	592 346	627 886	
<b>Total Revenue</b>	<b>5 027 324</b>	<b>6 921 139</b>	<b>4 888 773</b>	<b>6 143 846</b>	<b>6 605 331</b>	<b>7 111 814</b>	<b>7 538 523</b>	<b>7 990 834</b>	
Agency Cost of Sale	967 088	1 122 391	662 912	472 328	500 668	531 536	563 428	597 234	
Direct Labour	1 356 518	1 496 233	1 344 786	1 398 443	1 482 350	1 580 671	1 675 511	1 776 042	
Service Delivery Expenses	1 593 497	2 431 705	1 863 240	2 890 055	3 068 609	3 272 095	3 468 421	3 676 526	
Depreciation	152 196	200 463	160 019	62 019	91 805	143 286	151 883	160 996	
<b>Total Cost of Sale</b>	<b>4 069 298</b>	<b>5 250 792</b>	<b>4 031 131</b>	<b>4 822 846</b>	<b>5 143 431</b>	<b>5 527 587</b>	<b>5 859 243</b>	<b>6 210 797</b>	
<b>Gross Surplus/(Deficit)</b>	<b>958 026</b>	<b>1 670 347</b>	<b>857 643</b>	<b>1 321 000</b>	<b>1 461 900</b>	<b>1 584 227</b>	<b>1 679 280</b>	<b>1 780 037</b>	
Service Gross Surplus/(Deficit)	1 008 700	1 612 842	789 027	1 296 753	1 436 198	1 556 946	1 650 363	1 749 385	
Service Gross Margin %	25%	28%	19%	23%	24%	24%	24%	24%	
Agency Gross Surplus/(Deficit)	(50 674)	57 505	68 615	24 247	25 702	27 281	28 918	30 653	
Agency Gross Margin %	-6%	5%	9%	5%	5%	5%	5%	5%	
Indirect Labour	481 536	543 989	475 045	477 497	508 027	540 969	573 427	607 832	
Marketing Expenses	20 864	62 831	55 033	48 375	66 313	70 953	75 210	79 723	
Depreciation Expenses	11 857	160 297	16 252	11 742	12 425	13 201	13 993	14 833	
Other Indirect Costs	664 910	758 592	403 632	762 821	822 061	844 219	894 873	948 565	
Research & Development	8 850	10 700	8 934	10 900	11 554	12 363	13 105	13 891	
Training	29 754	49 281	17 904	38 444	40 751	43 603	46 219	48 993	
<b>Total Operating Expenses</b>	<b>1 217 771</b>	<b>1 585 690</b>	<b>976 800</b>	<b>1 349 778</b>	<b>1 461 131</b>	<b>1 525 308</b>	<b>1 616 827</b>	<b>1 713 836</b>	
Operating Expenses %	24%	23%	20%	22%	22%	21%	21%	21%	
Other income	17 650	45 973	98 850	39 322	41 662	44 578	47 253	50 088	
<b>Operating Surplus/(Deficit)</b>	<b>(242 094)</b>	<b>130 630</b>	<b>(20 308)</b>	<b>10 543</b>	<b>42 431</b>	<b>103 497</b>	<b>109 707</b>	<b>116 289</b>	
Operating Surplus/(Deficit) %	-5%	2%	0%	0%	1%	1%	1%	1%	

## 9.1 Statement of Financial Position

DESCRIPTION	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	FY 2018/19 Audited	FY 2019/20 Projection	FY 2020/21 Budget	FY 2021/22 Budget	FY 2022/23 Estimates	FY 2023/24 Estimates	FY 2024/25 Estimates	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>	3 299 273	2 603 745	2 429 980	2 146 169	2 010 837	1 872 916	1 745 190	
Cash and cash equivalents	1 173 156	992 931	778 148	579 463	408 520	326 454	235 958	
Trade and other receivables	1 695 891	1 307 034	1 341 493	1 350 341	1 354 816	1 332 573	1 302 783	
Income Tax receivable	167 711	215 458	216 983	117 687	143 199	103 642	89 917	
Prepayments	83 559	88 322	93 356	98 678	104 302	110 247	116 532	
Inventory	178 956	-	-	-	-	-	-	
<b>NON-CURRENT ASSETS</b>	1 133 240	1 587 750	1 877 608	2 263 293	2 609 709	2 912 624	3 226 869	
Property, plant & equipment	721 334	1 027 055	1 281 012	1 557 893	1 804 491	2 013 342	2 226 968	
Intangible assets	373 022	447 701	535 353	630 684	718 549	802 211	892 152	
Deferred tax assets	38 884	112 994	61 243	74 716	86 671	97 071	107 749	
<b>TOTAL ASSETS</b>	4 432 513	4 191 495	4 307 588	4 409 462	4 620 546	4 785 540	4 972 059	
<b>LIABILITIES</b>								
<b>CURRENT LIABILITIES</b>	1 503 458	1 270 142	1 371 033	1 433 984	1 561 341	1 637 215	1 728 864	
Creditors	1 264 389	1 017 953	1 105 430	1 154 249	1 266 717	1 326 907	1 402 033	
Other payables	103 321	108 432	113 796	119 427	125 338	131 542	138 055	
Income received in advance	135 748	143 757	151 807	160 308	169 286	178 766	188 776	
<b>NON-CURRENT LIABILITIES</b>	69 198	76 118	83 729	92 102	101 312	111 444	122 588	
Post-retirement medical liability	69 198	76 118	83 729	92 102	101 312	111 444	122 588	
<b>TOTAL LIABILITY</b>	1 572 656	1 346 260	1 454 762	1 526 086	1 662 653	1 748 660	1 851 452	
<b>TOTAL NET ASSETS</b>	2 859 857	2 845 235	2 852 826	2 883 376	2 957 893	3 036 880	3 120 607	
<b>TOTAL LIABILITIES AND EQUITIES</b>	4 432 513	4 191 495	4 307 588	4 409 462	4 620 546	4 785 539	4 972 059	
<b>NET ASSETS ANALYSED AS FOLLOWS</b>								
Non-distributable reserves	627 335	627 335	627 335	627 335	627 335	627 335	627 335	
Accumulated surplus	2 232 522	2 217 900	2 225 491	2 256 041	2 330 558	2 409 545	2 493 272	
	2 859 857	2 845 235	2 852 826	2 883 376	2 957 893	3 036 880	3 120 607	

**9.2 Cash Flow Statement**

DESCRIPTION	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	FY 2018/19 Audited R'000	FY 2019/20 Projection R'000	FY 2020/21 Budget R'000	FY 2021/22 Budget R'000	FY 2022/23 Estimates R'000	FY 2023/24 Estimates R'000	FY 2024/25 Estimates R'000	
Cash generated in operations	(178 986)	314 089	138 169	213 195	258 036	298 651	292 064	
Normal taxation	(55 189)	5 686	(2 952)	(11 881)	(28 979)	(30 717)	(32 560)	
Finance income	73 745	-	-	-	-	-	-	
Cash from operating activities	(160 430)	319 775	135 217	201 315	229 057	267 934	259 504	
Cash flows from investing activities	(271 528)	(500 000)	(350 000)	(400 000)	(400 000)	(350 000)	(350 000)	
Increase/(decrease) in cash and cash equivalents	(431 958)	(180 225)	(214 783)	(198 685)	(170 943)	(82 066)	(90 496)	
Cash and cash equivalents beginning of year	1 605 114	1 173 156	992 931	778 148	579 463	408 520	326 454	
<b>Cash and cash equivalents end of year</b>	<b>1 173 156</b>	<b>992 931</b>	<b>778 148</b>	<b>579 463</b>	<b>408 520</b>	<b>326 454</b>	<b>235 958</b>	

It should be noted that a portion of the cash balance is not available for investment in further CAPEX, as a portion represents ring-fenced funds and operational commitments are prioritised. Capital expenditure budgets are dependent on the availability of cash flow.

The following tables provide resource consideration per budget programme for the 2020/21 financial year.



### 9.3 Budget per Programme

#### 9.3.1 Programme 1: Thought Leadership And Service Delivery

	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Service Revenue	1 396 050	1 448 122	2 146 102	2 291 867	2 440 070	2 586 475	2 741 663	
Agency Revenue	623 613	415 121	458 750	486 275	515 916	546 871	579 683	
<b>Total Revenue</b>	<b>2 019 663</b>	<b>1 863 243</b>	<b>2 604 851</b>	<b>2 778 142</b>	<b>2 955 986</b>	<b>3 133 345</b>	<b>3 321 346</b>	
Agency Cost of Sale	653 296	342 648	434 953	461 051	489 146	518 495	549 604	
Direct Labour	676 945	688 493	724 512	767 983	817 632	866 690	918 692	
Service Delivery Expenses	497 754	590 777	891 402	950 037	1 011 051	1 071 714	1 136 017	
Depreciation	26 029	29 262	13 938	14 773	15 697	16 639	17 637	
<b>Total Cost of Sale</b>	<b>1 854 024</b>	<b>1 651 180</b>	<b>2 064 806</b>	<b>2 193 844</b>	<b>2 333 526</b>	<b>2 473 538</b>	<b>2 621 950</b>	
<b>Gross Surplus/(Deficit)</b>	<b>165 639</b>	<b>212 063</b>	<b>540 046</b>	<b>584 299</b>	<b>622 460</b>	<b>659 808</b>	<b>699 396</b>	
Service Gross Surplus/(Deficit)	195 322	139 589	516 249	559 075	595 690	631 432	669 317	
Service Gross Margin %	14%	10%	24%	24%	24%	24%	24%	
Agency Gross Surplus/(Deficit)	(29 683)	72 473	23 796	25 224	26 770	28 376	30 079	
Agency Gross Margin %	-5%	17%	5%	5%	5%	5%	5%	
Indirect Labour	166 774	157 386	153 504	164 594	173 340	183 741	194 765	
Marketing Expenses	13 628	2 708	48 360	66 297	70 936	75 192	79 704	
Depreciation Expenses	1 429	5 508	5 242	5 556	5 911	6 266	6 642	
Other Indirect Costs	114 309	82 642	177 507	197 349	210 315	222 934	236 310	
Research & Development	7 177	8 934	10 900	11 554	12 363	13 105	13 891	
<b>Total Operating Expenses</b>	<b>303 316</b>	<b>257 177</b>	<b>395 512</b>	<b>445 351</b>	<b>472 865</b>	<b>501 237</b>	<b>531 312</b>	
Operating Expenses %	15%	14%	15%	16%	16%	16%	16%	
Other income	-	-	38 999	41 339	44 232	46 886	49 699	
<b>Operating Surplus/(Deficit)</b>	<b>(137 677)</b>	<b>(45 115)</b>	<b>183 532</b>	<b>180 286</b>	<b>193 827</b>	<b>205 457</b>	<b>217 784</b>	
Operating Surplus/(Deficit) %	-7%	-2%	7%	6%	7%	7%	7%	

## 9.3.2 Programme 2: Digital Infrastructure

	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Service Revenue	2 801 841	2 709 124	3 501 169	3 787 094	4 112 927	4 359 703	4 621 285	
Agency Revenue	202 895	136 142	37 825	40 094	42 901	45 475	48 204	
<b>Total Revenue</b>	<b>3 004 736</b>	<b>2 845 265</b>	<b>3 538 994</b>	<b>3 827 189</b>	<b>4 155 828</b>	<b>4 405 178</b>	<b>4 669 488</b>	
Agency Cost of Sale	212 910	153 333	37 374	39 617	42 390	44 933	47 629	
Direct Labour	662 948	658 286	666 588	706 583	754 709	799 992	847 991	
Service Delivery Expenses	1 102 555	1 270 281	1 998 653	2 118 572	2 261 044	2 396 707	2 540 509	
Depreciation	140 807	124 547	47 663	76 589	127 114	134 741	142 826	
<b>Total Cost of Sale</b>	<b>2 119 220</b>	<b>2 206 447</b>	<b>2 750 278</b>	<b>2 941 360</b>	<b>3 185 258</b>	<b>3 376 373</b>	<b>3 578 955</b>	
<b>Gross Surplus/(Deficit)</b>	<b>885 516</b>	<b>638 819</b>	<b>788 716</b>	<b>885 828</b>	<b>970 570</b>	<b>1 028 805</b>	<b>1 090 533</b>	
Service Gross Surplus/(Deficit)	895 531	656 010	788 265	885 351	970 059	1 028 263	1 089 959	
Service Gross Margin %	32%	24%	23%	23%	24%	24%	24%	
Agency Gross Surplus/(Deficit)	(10 015)	(17 191)	451	478	511	542	574	
Agency Gross Margin %	-5%	-13%	1%	1%	1%	1%	1%	
Indirect Labour	39 054	44 131	40 259	42 675	45 662	48 402	51 306	
Marketing Expenses	-	-	12	13	14	14	15	
Depreciation Expenses	685	1 902	785	811	856	908	962	
Other Indirect Costs	252 374	70 997	74 661	83 420	91 040	96 503	102 293	
Training	(49)	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>292 064</b>	<b>117 031</b>	<b>115 717</b>	<b>126 918</b>	<b>137 572</b>	<b>145 826</b>	<b>154 576</b>	
Operating Expenses %	10%	4%	3%	3%	3%	3%	3%	
<b>Operating Surplus/(Deficit)</b>	<b>593 452</b>	<b>521 788</b>	<b>672 999</b>	<b>758 911</b>	<b>832 998</b>	<b>882 978</b>	<b>935 957</b>	
Operating Surplus/(Deficit) %	20%	18%	19%	20%	20%	20%	20%	

### 9.3.3 Programme 3: Skills and Capability Development

	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Direct Labour	17 967	(573)	6 947	7 784	8 329	8 829	9 358	
Service Delivery Expenses	(436)	302	-	-	-	-	-	
Depreciation	(8 827)	11 490	473	443	474	502	532	
<b>Total Cost of Sale</b>	<b>8 704</b>	<b>11 219</b>	<b>7 359</b>	<b>8 227</b>	<b>8 803</b>	<b>9 331</b>	<b>9 891</b>	
<b>Gross Surplus/(Deficit)</b>	<b>(8 704)</b>	<b>(11 219)</b>	<b>(7 359)</b>	<b>(8 227)</b>	<b>(8 803)</b>	<b>(9 331)</b>	<b>(9 891)</b>	
Service Gross Surplus/(Deficit)	(8 704)	(11 219)	(7 359)	(8 227)	(8 803)	(9 331)	(9 891)	
Indirect Labour	133 552	130 558	161 046	171 291	183 281	194 278	205 934	
Marketing Expenses	12 920	103 737	(1)	-	-	-	-	
Depreciation Expenses	(35 716)	6 233	954	1 012	1 083	1 148	1 217	
Other Indirect Costs	241 505	229 691	204 744	218 287	233 567	247 581	262 436	
Research & Development	-	-	(1 463)	-	-	-	-	
Training	251	-	38 444	40 751	43 603	46 219	48 993	
<b>Total Operating Expenses</b>	<b>352 512</b>	<b>470 219</b>	<b>403 724</b>	<b>431 341</b>	<b>461 534</b>	<b>489 226</b>	<b>518 580</b>	
Other income	-	-	222	235	252	267	283	
<b>Operating Surplus/(Deficit)</b>	<b>(361 216)</b>	<b>(481 438)</b>	<b>(410 862)</b>	<b>(439 332)</b>	<b>(470 085)</b>	<b>(498 290)</b>	<b>(528 188)</b>	

## 9.3.4 Programme 4: Financial Sustainability

	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Agency Revenue	94 354	178 879	-	-	-	-	-	
<b>Total Revenue</b>	<b>94 354</b>	<b>178 879</b>						
Agency Cost of Sale	100 026	165 771	-	-	-	-	-	
Direct Labour	-	28	-	-	-	-	-	
Service Delivery Expenses	56	52	-	-	-	-	-	
Depreciation	(15)	610	-	-	-	-	-	
<b>Total Cost of Sale</b>	<b>100 067</b>	<b>166 459</b>						
<b>Gross Surplus/(Deficit)</b>	<b>(5 713)</b>	<b>12 419</b>						
Service Gross Surplus/(Deficit)	(41)	(689)	-	-	-	-	-	
Service Gross Margin %	-	-	-	-	-	-	-	
Agency Gross Surplus/(Deficit)	(5 672)	13 108	-	-	-	-	-	
Agency Gross Margin %	-6%	7%	-	-	-	-	-	
Indirect Labour	96 767	94 460	99 428	105 394	112 771	119 537	126 710	
Marketing Expenses	-	-	3	3	3	4	4	
Depreciation Expenses	6 077	5 345	4 663	4 943	5 289	5 607	5 943	
Other Indirect Costs	131 094	91 157	248 557	263 470	281 913	298 828	316 757	
<b>Total Operating Expenses</b>	<b>233 939</b>	<b>190 963</b>	<b>352 651</b>	<b>373 810</b>	<b>399 977</b>	<b>423 975</b>	<b>449 414</b>	
Operating Expenses %	248%	107%	-	-	-	-	-	
<b>Operating Surplus/(Deficit)</b>	<b>(239 652)</b>	<b>(178 544)</b>	<b>(352 651)</b>	<b>(373 810)</b>	<b>(399 977)</b>	<b>(423 975)</b>	<b>(449 414)</b>	
Operating Surplus/(Deficit) %	-254%	-100%	-	-	-	-	-	

### 9.3.5 Programme 5: Procurement and Industry Transformation

	HISTORICAL DATA		MEDIUM TERM BUDGET				OUTER YEARS	
	18/19	19/20 Projection	2020/21 Budget	2021/22 Budget	2022/23 Estimates	2023/24 Estimates	2024/25 Estimates	
Indirect Labour	25 987	22 316	22 711	24 074	25 915	27 469	29 118	
Marketing Expenses	5	-	-	-	-	-	-	
Depreciation Expenses	25 519	96	96	102	61	65	69	
Other Indirect Costs	20 028	28 031	56 165	59 535	27 384	29 027	30 769	
Research & Development	1 674	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>73 213</b>	<b>50 443</b>	<b>78 973</b>	<b>83 711</b>	<b>53 360</b>	<b>56 561</b>	<b>59 955</b>	
Other income			101	107	115	121	129	
<b>Operating Surplus/(Deficit)</b>	<b>(81 562)</b>	<b>(49 642)</b>	<b>(78 873)</b>	<b>(83 605)</b>	<b>(53 246)</b>	<b>(56 440)</b>	<b>(59 826)</b>	
Operating Surplus/(Deficit) %	-	-	-	-	-	-	-	

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## UPDATED KEY RISKS

The updated strategic risks reflect minor changes from those articulated in the strategic plan 2020-2025 and are defined below. The key strategic risks that may affect the realisation of the outcomes are stated on the table below. Each risk has a mitigation plan which is managed to ensure exposure to risk is minimised and that the planned 5 year target is achieved.

Key Risks	Mitigation Plans
<p><b>Threatened financial sustainability</b></p> <p>Insufficient reserves to reinvest and insufficient cash flow to sustain SITA</p>	<ul style="list-style-type: none"> <li>Market benchmarking &amp; tariff review</li> <li>Costing &amp; pricing policy with long term consolidated monitoring of strategic project progress. (Longer term: Review financial systems (planning, budgeting, billing systems) for future investment)</li> <li>Revision of debt collection strategy</li> <li>Influence a reviewed allocation of transversal-like ICT budgets</li> </ul>
<p><b>Negative branding</b></p> <p>SITA is known for providing old mainframe services with similar skillsets coupled with an inability to attract and retain innovative ICT leaders and technologists</p>	<ul style="list-style-type: none"> <li>Implement the industry standard for service monitoring and customer satisfaction using the NPS (Net Promoter Score methodology)</li> <li>Directed marketing, public relations and branding initiatives</li> </ul>
<p><b>Inadequate skills</b></p> <p>Insufficient capacity and capability to meet service expectations and deliver on 4IR</p>	<ul style="list-style-type: none"> <li>Skills development through OEM programmes; Digital culture intervention and skills development to enable future product development</li> <li>Financial management training across senior management</li> <li>Identification and sourcing of critical skills to drive digital transformation</li> </ul>
<p><b>Information security exposure</b></p> <p>Information loss, cyber-attacks and sovereign data loss</p>	<ul style="list-style-type: none"> <li>Security Operating Centre (SOC) project (investment requirements)</li> <li>Define and operationalise improved cyber and information security processes to enable security incident management to perform identify, protect, detect, respond, and recover activities in a shorter-time.</li> <li>Catalogue cyber and information security services in support of defence-in-depth principle</li> <li>Assess and on board data governance tool to improve data classification process delivery and address compliance obligation of POPI (2-year plan).</li> <li>Active engagement with SSA and clients on cloud standards</li> <li>Implement SharePoint and document management protocols</li> </ul>

Key Risks	Mitigation Plans
<p><b>Inability to deliver service at the expected levels</b> ICT service unavailability, inefficient supply chain services</p>	<p><b>Capex investment</b></p> <ul style="list-style-type: none"> <li>• Data centre strategy (upgrade of facilities &amp; green strategy)</li> <li>• Network remedial plan (Equip refresh &amp; Core link redundancy to address single points of failure)</li> <li>• Internet breakout redundancy project</li> <li>• Software defined network project</li> <li>• Data centre network connectivity project</li> <li>• Switch centre remote environmental monitoring solution</li> <li>• Switching centre modernisation programme</li> <li>• Integrated Operations Centre (IOC) - end to end user experience management</li> </ul> <p><b>Capacitate SCM</b></p> <ul style="list-style-type: none"> <li>• SCM reforms including automation of processes after review for efficiency</li> <li>• Implement efficient transversal agreements for common goods and services</li> </ul>
<p><b>Misaligned corporate culture with business objectives</b> Poor performance, accountability and limited initiative</p>	<ul style="list-style-type: none"> <li>• Back to basic performance programme</li> <li>• Digital culture intervention</li> <li>• Directed wellness programmes (investment required)</li> <li>• Facilities upgrade</li> </ul>
<p><b>Fraud and Corruption</b></p>	<ul style="list-style-type: none"> <li>• Continued fraud awareness with focus on both internal and external stakeholders</li> <li>• Review of SCM processes to ensure rule-based culture</li> <li>• Ethics programme</li> <li>• Lifestyle audits</li> <li>• Related party conflict of interest management</li> </ul>
<p><b>Concentration risk</b> SAPS remains almost a third of SITA revenue</p>	<ul style="list-style-type: none"> <li>• Ministerial remediation plan for SAPS-SITA</li> <li>• Digital strategy for broader government</li> </ul>

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**Procurement Bill**

The draft Public Procurement Bill significantly affecting the agency revenue.

- Provide detailed input to the bill
- Engage with National Treasury with regards to SITA's sustainability
- Improve SITA procurement efficiency to Departments

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**Long term sustainability of SITA**

Inability to repurpose SITA

- Define the digital leadership skills required for our leadership
  - Establish single owner of a virtual team
  - Use high level findings from the Omnicor assessment to identify areas for leadership improvement
  - Develop a localisation strategy based on open source technology
- 



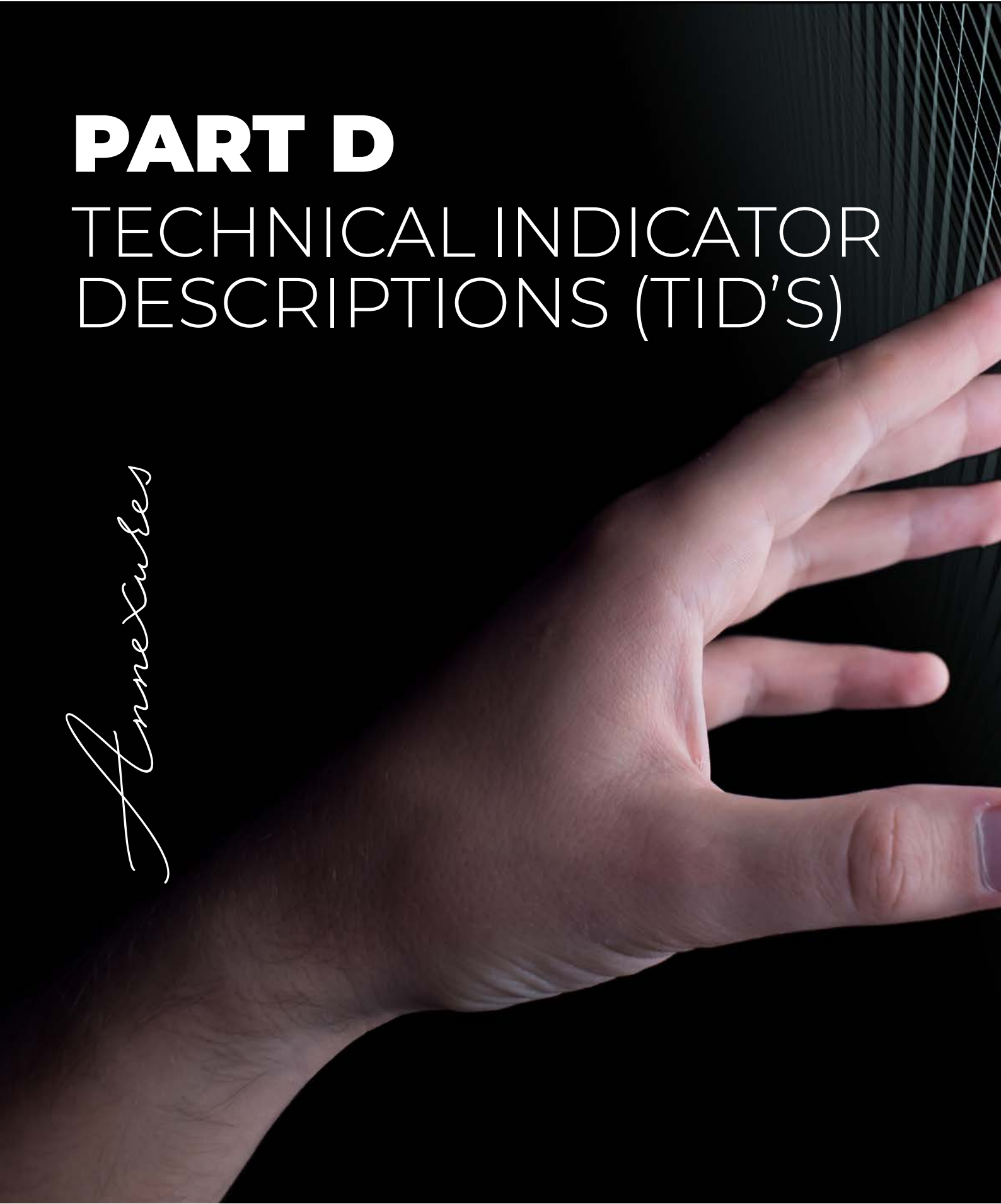


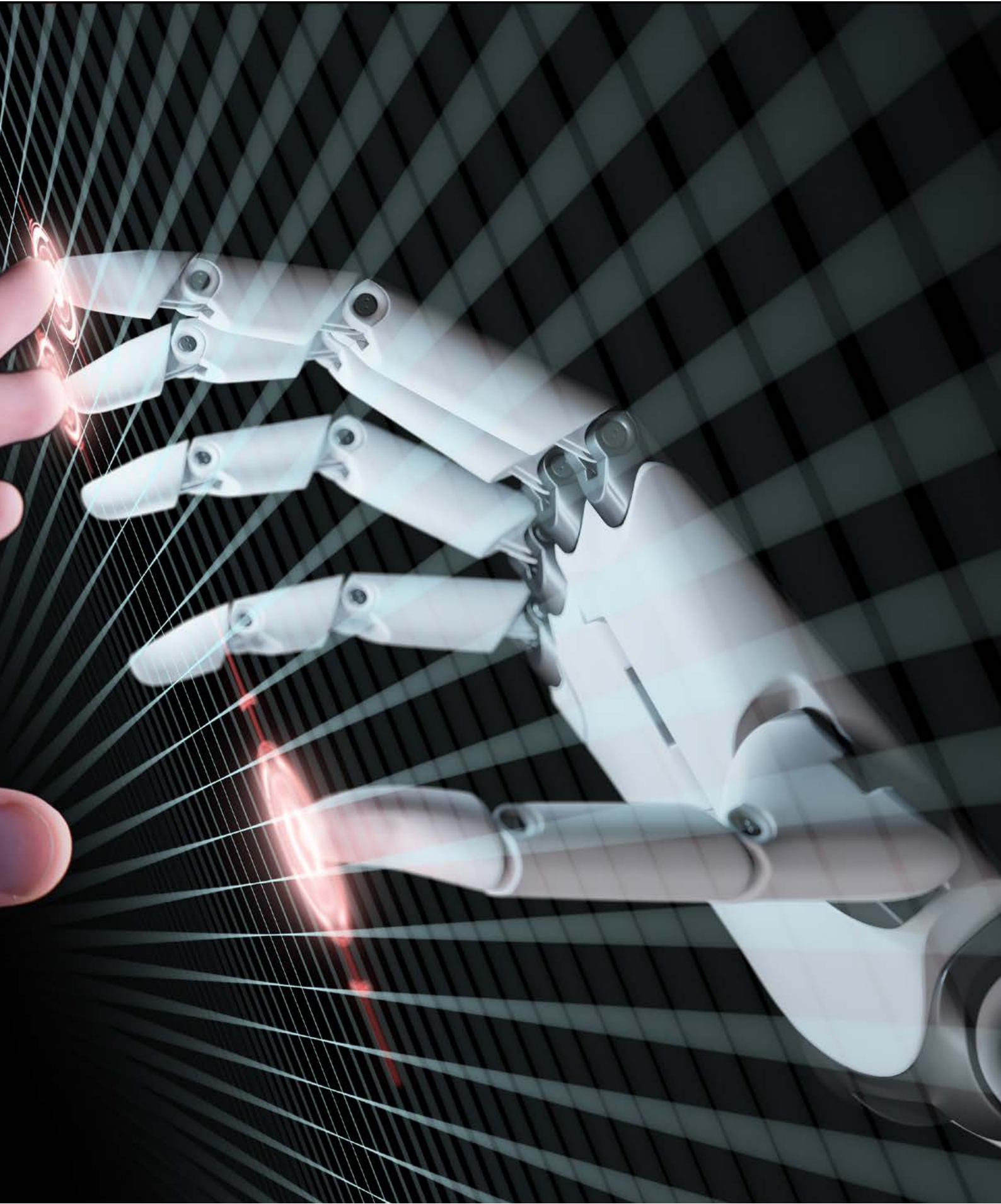


# **PART D**

## TECHNICAL INDICATOR DESCRIPTIONS (TID'S)

*Annexures*





# ANNEXURE A:

## TECHNICAL INDICATOR DESCRIPTIONS (TID'S)

### 1. % PERFORMANCE AGAINST MEASURED **CONTRACTED SLA METRICS**

Indicator Title		% performance against measured contracted SLA metrics														
<b>Definition</b>		Level of achievement of SLA metrics														
<b>Data/Evidence source</b>		<ul style="list-style-type: none"> <li>Service Level Agreements</li> <li>ITSM7/NMS and ARS systems - SLA Performance and Trend Reports</li> </ul>														
<b>Method of calculation</b>		(Number of SLA metrics met / total number of contracted SLA metrics measured for the period) x business impact weight  <b>Note:</b> Excluding dependencies on areas requiring upgrades and modernisation as well as power outages. The above equation is applied to each of the 15 measure categories across business impact weights that total 100, as per the figure below.														
Performance description	Responsiveness			WAN Services							Hosting Service		Service Management			Total
	Service Desk	MTT Resolve	MTT Response	Availability							Mainframe Availability		Availability			
				Carrier Router	Access Link Router	Customer Edge Router	NGN Access	Internet Access	Antispam	NMS	Database Mngt System	Hosting Systems	Aspect	ITSM	Reporting Servers	
Gov Service Delivery Impact 'Weight'	6	15	12	7	7	7	7	5	5	4	7	7	4	5	2	100
		The sum of the weighted performance per metric category is added to determine overall % performance.														
<b>Means of verification</b>		Signed SLAs and implementation of service improvement plans														
<b>Assumptions</b>		Timely signoff of SLAs and implementation of service improvement plans														
<b>Disaggregation of beneficiaries (where applicable)</b>		<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>														
<b>Spatial transformation (where applicable)</b>		National and Provincial														
<b>Calculation type</b>		Cumulative														
<b>Reporting cycle</b>		Quarterly														
<b>Desired performance</b>		90% performance against measured contracted SLA metrics														
<b>Indicator responsibility</b>		Executive: Service Management														

### 2. # OF OPEN INNOVATION **SOLUTIONS COMMERCIALISED**

Indicator Title		# of open innovation solutions commercialised														
<b>Definition</b>		To grow SMME's through innovation and to drive the government transformation agenda by enabling and unlocking opportunities for procurement and innovation whilst building local ICT capability to enable SMMEs to develop their current solution for government consumption. This will also assist in growing their business into larger entities thereby supporting economic transformation														
<b>Data/Evidence source</b>		Signed Proposals by the client														
<b>Method of calculation</b>		Number of open innovation solutions commercialised														
<b>Means of verification</b>		Commercialisation certificate														
<b>Assumptions</b>		Innovative solutions will be developed														
<b>Disaggregation of beneficiaries (where applicable)</b>		<ul style="list-style-type: none"> <li>Target for Women: Yes</li> <li>Target for Youth: Yes</li> <li>Target for People with Disabilities: Yes</li> </ul>														
<b>Spatial transformation (where applicable)</b>		Public and Private Sector														
<b>Calculation type</b>		Non-Cumulative														

<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	1 Open innovation solution commercialised
<b>Indicator responsibility</b>	Chief Digital Officer

### 3. % INCREASE GOVERNMENT **MARKET SHARE**

<b>Indicator Title</b>	<b>% Increase government market share</b>
<b>Definition</b>	To gauge the extent of growth of government ICT budget spent through SITA, relevant to SITA's Service Portfolio
<b>Data/Evidence source</b>	<ul style="list-style-type: none"> <li>Gov 2019/20 ICT Budget data related to SITA's Service Portfolio: Obtained from the Gov (BAS – Business Accounting System) system owned by National Treasury</li> <li>Gov 2019/20 Actual Spend through SITA data: Obtained from the SITA (ERP) system / General Ledger</li> <li>Gov 2020/21 ICT Budget data related to SITA's Service Portfolio: Obtained from the Gov (BAS – Business Accounting System) system owned by National Treasury</li> <li>Gov 2020/21 Actual Spend through SITA data: Obtained from the SITA (ERP) system / General Ledger</li> </ul>
<b>Method of calculation</b>	<ul style="list-style-type: none"> <li>% Market Share Year A baseline for 2019/20 = Gov 2019/20 Actual Spend through SITA divided by Gov 2019/20 ICT Budget related to SITA's Service Portfolio</li> <li>% Market Share Year B: 2020/21 = Gov 2020/21 Actual Spend through SITA divided by Gov 2020/21 ICT Budget related to SITA's Service Portfolio</li> <li>% Increase in government market share in 2019/20 = (% Market Share Year B: 2020/21 minus % Market Share Year A baseline for 2019/20) divided by % Market Share Year A baseline for 2019/20</li> </ul> <p><b>Note:</b> Only National and Provincial government customers ICT budget and spend related to SITA Service Portfolio is in scope as per National Treasury BAS system data coverage. This excludes ICT budget and spend of Local Government, State Owned Entries and Private Customers.</p> <p>Only ICT Budget and Spend relevant to SITA's Service Portfolio is in scope which excludes ICT Budget and Spend that is not related to SITA's Service Portfolio.</p> <p>Only includes ICT Spend relevant to SITA's Service Portfolio related to SITA's revenue accounted for in SITA's financial system for both 2019/20 baseline and 2020/21 to ensure alignment across financial years to SITA Strategies and Plans</p>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Annual Performance = Sum (% Completed * weight)</li> <li>Quarterly Performance: = Sum (% Completed * weight)/total weight for the Quarter</li> </ul>
<b>Assumptions</b>	<p><b>Accuracy of data as follows:</b></p> <ul style="list-style-type: none"> <li>Related to classification to best determine government ICT budget information related to SITA Service Portfolio from the Gov (BAS – Business Accounting System) system owned by National Treasury</li> <li>Related to changes in government ICT budget information related to SITA Service Portfolio as per budget cycles from the Gov (BAS – Business Accounting System) system owned by National Treasury</li> </ul>
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	Not applicable
<b>Calculation type</b>	Non-Cumulative

<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	10% increase in government market share on designated services (redefined baseline based on SITA's 2019/20 service portfolio in scope) [1]
<b>Indicator responsibility</b>	Executive: Service Management

#### 4. # OF DIGITAL **PLATFORMS DEPLOYED**

4.1	Indicator Title	DevOps Platform
	<b>Definition</b>	A pre-configured multi-tenant DevOps platform to automate and fast track the development of new solutions provisioned as Platform-as-a-Service (PaaS)
	<b>Data/Evidence source</b>	DevOps platform available in production
	<b>Method of calculation</b>	Number of DevOps platforms deployed in production
	<b>Means of verification</b>	Production Acceptance Certificate
	<b>Assumptions</b>	Subscription to the service by internal and external application development teams
	<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
	<b>Spatial transformation (where applicable)</b>	Public and Private Sector
	<b>Calculation type</b>	Cumulative
	<b>Reporting cycle</b>	Quarterly
	<b>Desired performance</b>	DevOps platform deployed
	<b>Indicator responsibility</b>	Executive: Application Development and Maintenance

4.2	Indicator Title	Big Data Analytics Platform
	<b>Definition</b>	A pre-configured multi-tenant Data Analytics platform to integrate government data for development of Data Analytics and Business Intelligence solutions provisioned as Platform-as-a-Service (PaaS)
	<b>Data/Evidence source</b>	Big Data platform available in production
	<b>Method of calculation</b>	Number of Big Data platforms deployed in production
	<b>Means of verification</b>	Production Acceptance Certificate
	<b>Assumptions</b>	Subscription to the service by internal and external application development teams
	<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
	<b>Spatial transformation (where applicable)</b>	Public and Private Sector
	<b>Calculation type</b>	Cumulative
	<b>Reporting cycle</b>	Quarterly
	<b>Desired performance</b>	Big Data analytics platform deployed
	<b>Indicator responsibility</b>	Executive: Application Development and Maintenance

4.3	Indicator Title	Cloud IDE Platform
	<b>Definition</b>	A pre-configured multi-tenant DevOps platform to automate and fast track the delivery of new solutions provisioned as Platform-as-a-Service (PaaS)
	<b>Data/Evidence source</b>	Cloud IDE platform available in production
	<b>Method of calculation</b>	Number of Cloud IDE platforms deployed in production
	<b>Means of verification</b>	Production Acceptance Certificate
	<b>Assumptions</b>	Subscription to the service by internal and external application development teams
	<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• Target for Women: n/a</li> <li>• Target for Youth: n/a</li> <li>• Target for People with Disabilities: n/a</li> </ul>
	<b>Spatial transformation (where applicable)</b>	Public and Private Sector
	<b>Calculation type</b>	Cumulative
	<b>Reporting cycle</b>	Quarterly
	<b>Desired performance</b>	Cloud IDE platform deployed
	<b>Indicator responsibility</b>	Executive: Application Development and Maintenance

#### 5. # OF USE CASES DEVELOPED THROUGH THE INTEGRATION OF GOVERNMENT **DATA AND SYSTEMS**

Indicator Title	# of use cases developed through the integration of government data and systems
<b>Definition</b>	Use Case to showcase the outcome/results of analytics derived from Big Data stored in the underlying data sharing platform
<b>Data/Evidence source</b>	Use case available for consumption
<b>Method of calculation</b>	Big Data Analytics use case deployed
<b>Means of verification</b>	Production Acceptance Certificate
<b>Assumptions</b>	Big Data stored in data sharing platform
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• Target for Women: n/a</li> <li>• Target for Youth: n/a</li> <li>• Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	National and Provincial
<b>Calculation Type</b>	Non-Cumulative
<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	1 Big Data analytics use case deployed in production
<b>Indicator responsibility</b>	Executive: Application Development and Maintenance

6. % SA CONNECT SITES CONNECTED AS PER THE **GOVERNMENT ORDER** (layer 3)

Indicator Title	% SA connect sites connected as per the government order (layer 3)
<b>Definition</b>	Connectivity of identified government sites at bandwidths of 10Mbps to enable access to digital platforms and services
<b>Data/Evidence source</b>	Completion certificates of connectivity of identified government sites at bandwidths of 10Mbps
<b>Method of calculation</b>	<ul style="list-style-type: none"> <li>• The performance against the target “100% SA connect sites connected at bandwidths of 10 Mbps as per the government order” will be determined by the following calculation:</li> <li>• The number of sites connected / Total number of sites included in the Government Orders received * 100</li> <li>• Note that before any site is included in the implementation plan, the following criteria must be established: <ul style="list-style-type: none"> <li>• The Client must provide a Government Order (GO);</li> <li>• The Government Order (GO) must be received before 31 October 2020. (GO's received post 31 October 2020 will be included in the 2021/22 FY implementation plan)</li> <li>• The Client must make available pre-funding for the services;</li> <li>• BBI must complete the Layer 2 connectivity installation and hand over to SITA for all new sites timeously (1 month before the end of a quarter and 2 months before the end of the FY)</li> </ul> </li> </ul>
<b>Means of verification</b>	Completion certificates
<b>Assumptions</b>	Government order will be received timeously and sites will be ready for SITA for deployment
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• Target for Women: n/a</li> <li>• Target for Youth: n/a</li> <li>• Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	National, Provincial and Local
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	100% SA Connect sites connected as per the government order (layer 3)
<b>Indicator responsibility</b>	Executive: IT Infrastructure

7. % ESTABLISHMENT AND OPERATIONALIZATION OF THE SECURITY **OPERATIONS CENTRE CAPABILITY (SOC)**

Indicator Title	% Establishment and operationalization of the Security Operations Centre Capability (SOC)
<b>Definition</b>	A Security modernisation programme for the South African Government, which will establish a centralized unit that deals with security issues at a technical level.
<b>Data/Evidence source</b>	Deliverables as per project plan
<b>Method of calculation</b>	<ul style="list-style-type: none"> <li>• Annual Performance = Sum (% Completed * weight)</li> <li>• Quarterly Performance: = Sum (% Completed * weight)/total weight for the Quarter</li> </ul>
<b>Means of verification</b>	Deliver against defined project plan milestones and artefacts
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Operating/Functional SOC</li> <li>• Sufficient funding</li> </ul>



Indicator Title	% Implementation of the Security Operations Centre (SOC) Capability
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
Spatial transformation (where applicable)	Not applicable
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	100% Implementation of planned activities for security operational centre capability
Indicator responsibility	Executive: IT Infrastructure

#### 8. % IMPLEMENTATION OF **UNIFIED COMMUNICATIONS CAPABILITY**

Indicator Title	% Implementation of Unified Communications Capability
Definition	A network modernisation initiative to establish unified communication capability
Data/Evidence source	Deliverables as per project plan
Method of calculation	Annual Performance = Sum (% Completed * weight) Quarterly Performance: = Sum (% Completed * weight)/total weight for the Quarter
Means of verification	Deliver against defined project plan milestones and artefacts
Assumptions	<ul style="list-style-type: none"> <li>Operating/Functional Unified Communications</li> <li>Sufficient funding</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
Spatial transformation (where applicable)	Not applicable
Calculation Type	Non-Cumulative
Reporting cycle	Bi-Annual
Desired performance	100% Implementation of planned activities for the unified communication plan for SITA
Indicator responsibility	Executive: IT Infrastructure

#### 9. % ESTABLISHMENT AND OPERATIONALIZATION OF THE **SOFTWARE DEFINED NETWORK (SDN) CAPABILITY**

Indicator Title	% Establishment and operationalization of the Software Defined Network (SDN) capability
Definition	A network modernisation programme to transform government network to be more agile and flexible while enabling the network to be intelligently and centrally controlled
Data/Evidence source	Deliverables as per project plan

Indicator Title	% Establishment and operationalization of the Software Defined Network (SDN) capability
Method of calculation	<ul style="list-style-type: none"> <li>Annual Performance = Sum (% Completed * weight)</li> <li>Quarterly Performance: = Sum (% Completed * weight)/total weight for the Quarter</li> </ul>
Means of verification	Deliver against defined project plan milestones and artefacts
Assumptions	<ul style="list-style-type: none"> <li>Operating/Functional SDN</li> <li>Sufficient funding</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
Spatial transformation (where applicable)	Not applicable
Calculation type	Non-Cumulative
Reporting cycle	Bi-Annual
Desired performance	100% Implementation of the planned activities for the Software Defined Network (SDN) capability
Indicator responsibility	Executive: IT Infrastructure

10. % OF CLOUD FOUNDATION **INFRASTRUCTURE (CFI) CAPACITY UTILISED**

Indicator Title	% of Cloud Foundation Infrastructure (CFI) capacity utilised
Definition	To provide the Cloud Foundation Infrastructure to client
Data/Evidence source	CFI capacity utilised
Method of calculation	Total CFI capacity utilised/ Available CFI capacity X100
Means of verification	Acceptance certificates signed by the client
Assumptions	The Cloud Foundation Infrastructure will be sold to client
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: not applicable</li> <li>Target for Youth: not applicable</li> <li>Target for People with Disabilities: not applicable</li> </ul>
Spatial transformation (where applicable)	Public Sector
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	100% Cloud Foundation Infrastructure (CFI) capacity utilised
Indicator responsibility	Executive Application Development and Maintenance

11. # OF DATA CENTRE **FACILITIES MODERNIZED**

Indicator Title	# of Data Centre facilities modernized
Definition	The modernisation of the data centre in line with industry standards to ensure provisioning of the disaster recovery capability to clients.
Data/Evidence source	Data Centre upgrades
Method of calculation	Number of DC upgrades completed as per plan

Indicator Title	# of Data Centre facilities modernized
Means of verification	Signed User Acceptance Certificate
Assumptions	The tender process will be completed on time
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: not applicable</li> <li>Target for Youth: not applicable</li> <li>Target for People with Disabilities: not applicable</li> </ul>
Spatial transformation (where applicable)	Public sector
Calculation type	Non-Cumulative
Reporting cycle	Quarterly
Desired performance	Complete the following upgrades in line with Tier3 requirement: <ul style="list-style-type: none"> <li>Uninterruptible Power Supply (UPS)</li> <li>Fire Suppression</li> <li>Access Control Systems</li> </ul>
Indicator responsibility	Executive IT Infrastructure

## 12. % OF EMPLOYEES TRAINED AGAINST THE **WORKPLACE SKILLS PLAN**

Indicator Title	% of employees trained against the workplace skills plan
Definition	The ability for an organisation to identify and develop the required skills to meet the current and future business needs
Data/Evidence source	<ul style="list-style-type: none"> <li>Workplace skills plan</li> <li>Competency assessment reports/ performance assessments</li> </ul>
Method of calculation	Actual number of employees trained / Total number of identified employees as per the WSP x 100
Means of verification	<ul style="list-style-type: none"> <li>Workplace skills plan</li> <li>Training plan</li> <li>Training attendance register or Training certificates</li> </ul>
Assumptions	Workplace skills plan will prioritise training on digital skills
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: Yes</li> <li>Target for Youth: Yes</li> <li>Target for People with Disabilities: Yes</li> </ul>
Spatial transformation (where applicable)	National and Provincial
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	60% of employees trained against the workplace skills plan
Indicator responsibility	Executive: Human Capital Management

## 13. % IMPLEMENTATION OF **CULTURE PLAN**

Indicator Title	% Implementation of culture plan
Definition	Implementation of digital culture interventions to attain behaviours aligned to the new SITA and digital ecosystem
Data/Evidence source	Deliverables as per project plan
Method of calculation	Actual milestones completed against planned milestones on the project plan

Indicator Title	% Implementation of culture plan
Means of verification	Deliver against defined project plan milestones
Assumptions	Planned milestones as per culture plan are implemented and achieved
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: Yes</li> <li>Target for Youth: Yes</li> <li>Target for People with Disabilities: Yes</li> </ul>
Spatial transformation (where applicable)	National and Provincial
Calculation type	Cumulative
Reporting cycle	Bi-Annual
Desired performance	100% Implementation of planned activities as per culture plan
Indicator responsibility	Executive: Human Capital Management and Company Secretary

#### 14. # EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

Indicator Title	Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)
Definition	EBITDA is defined as revenue minus expenses, excluding tax, depreciation, amortisation and interest. It is an indicator of a company's profitability
Data/Evidence source	<ul style="list-style-type: none"> <li>Quarterly finance reports</li> <li>Annual Financial Statements</li> </ul>
Method of calculation	(Earnings before Interest, Taxes, Depreciation and Amortisation)
Means of verification	System generated report (Trial Balance from ERP)
Assumptions	Services revenue will increase, operational costs contained
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
Spatial transformation (where applicable)	National and Provincial
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	R84.3m
Indicator responsibility	Chief Financial Officer

#### 15. % NET COLLECTION RATE

Indicator Title	% Net Collection Rate
Definition	This measures current year invoices due and receivable and the percentage that SITA actually collects
Data/Evidence source	<ul style="list-style-type: none"> <li>ERP system</li> <li>Monthly and Quarterly Finance report</li> </ul>
Method of calculation	Receipts / Total current year invoices due and receivable (excluding disputed invoices).
Means of verification	System generated report (Trial Balance from ERP)
Assumptions	Customers pay SITA on time for services rendered:

Indicator Title	% Net Collection Rate
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	National and Provincial
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	80% net collection rate
<b>Indicator responsibility</b>	Chief Financial Officer

#### 16. % OF PROCUREMENT AWARDS COMPLETED WITHIN **TARGETED TURNAROUND TIMES**

Indicator Title	% of procurement awards completed within targeted turnaround times
<b>Definition</b>	A cumulative total number of tenders approved within the targeted turnaround time agreed with the Customer
<b>Data/Evidence source</b>	<ul style="list-style-type: none"> <li>Client Request</li> <li>SCM Tender Register/Report</li> <li>SCM Tender SLA targets per APP</li> <li>Proof of resolution document date from Bid Spec Committee /</li> <li>Proof of receipt by Demand Management</li> <li>Proof of resolution document date from relevant adjudication committee</li> </ul>
<b>Method of calculation</b>	<ul style="list-style-type: none"> <li>Method of calculation <math>\frac{\text{Procurement awards approved per SLA target}}{\text{Total number of procurement awards approved per FY}} \times 100</math></li> <li>* Resolution Date means the date on which the resolution was signed by the SITA delegated authority.</li> <li>** Request is registered as received in procurement when request is handed over to the acquisition manager.</li> <li>Condition: Only procurement awards completed (adjudicated) for the reporting period is part of the formula. This excludes transactions that emanated from prior years.</li> <li><b>Note:</b> the days used in SCM are working days</li> </ul>
<b>Means of verification</b>	Turnaround time database report
<b>Assumptions</b>	<p>SITA will implement IT systems to enable automation of SCM processes</p> <p>Manage down the backlog of tenders</p> <p>Lines of Business and CRM's manage customer expectations</p> <p>Completed annual procurement plans</p>
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>Target for Women: n/a</li> <li>Target for Youth: n/a</li> <li>Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	National and Provincial
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	75% of procurement awards completed within targeted turnaround times as agreed with Customer
<b>Indicator responsibility</b>	Executive: Supply Chain Management

17.# OF TRANSVERSAL CONTRACTS **IMPLEMENTED**

Indicator Title	# of transversal contracts implemented
<b>Definition</b>	A cumulative total number of transversals completed within the financial year
<b>Data/Evidence source</b>	Contract Register
<b>Method of calculation</b>	Number of transversal contracts implemented
<b>Means of verification</b>	Transversal Contracts Database report
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• SITA will implement IT systems to enable automation of SCM processes</li> <li>• Manage down the backlog of tenders</li> <li>• Adequate capacity</li> <li>• Adequate market response</li> </ul>
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• Target for Women: n/a</li> <li>• Target for Youth: n/a</li> <li>• Target for People with Disabilities: n/a</li> </ul>
<b>Spatial transformation (where applicable)</b>	National and Provincial
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	5 Transversal Contracts for common goods and services completed within the financial year
<b>Indicator responsibility</b>	Executive: Supply Chain Management

18. % OF ACQUISITION SPEND THROUGH **BLACK SMME ENTITIES**

Indicator Title	% of acquisition spend through black SMME entities
<b>Definition</b>	Acquisition spend through the use of companies classified as black SMMEs (EME & QSE) entities
<b>Data/Evidence source</b>	<ul style="list-style-type: none"> <li>• SCM SMME Register</li> <li>• Supplier Database</li> <li>• ERP Creditor payment report</li> <li>• Copies of B-BBEE certificate for suppliers</li> <li>• Contract register and Subcontracting report</li> </ul>
<b>Method of calculation</b>	<ul style="list-style-type: none"> <li>• <math>\{P = ((SMME\_Direct\_Spend + SMME\_Indirect\_Spend) / Available\_Spend) * 100\}</math></li> <li>• * SMME_Direct_Spend means the spend (Rand) on SMME entities for the reporting period as reflected in the ERP Creditors Report</li> <li>• ** SMME_Indirect Spend means the (Rand) value invoiced by and paid to SMMEs by Main Contractors in accordance with Sub-contracting clauses as stated on the contracts register and reflected in the subcontracting report.</li> <li>• *** Available Spend means the total measured influenceable procurement spend less all OEMs, OSMs and allowable exclusions by the Department of Trade and Industry and National Treasury.</li> </ul>
<b>Means of verification</b>	SCM SMME database report
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Certificates are valid for a period of 1 year</li> <li>• SCM will collate supplier certification</li> <li>• SMME clauses will be implemented</li> </ul>
<b>Disaggregation of beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• Target for Women: yes</li> <li>• Target for Youth: yes</li> <li>• Target for People with Disabilities: yes</li> </ul>

<b>Indicator Title</b>	<b>% of acquisition spend through black SMME entities</b>
<b>Spatial transformation (where applicable)</b>	National and Provincial
<b>Calculation type</b>	Cumulative
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	40% of acquisition spend through black SMME entities on influenceable spend
<b>Indicator responsibility</b>	Executive: Supply Chain Management

ANNEXURE B:  
**ANNEX B: LIST OF ABBREVIATIONS/ACRONYMS**

<b>APP</b>	Annual Performance Plan
<b>AG</b>	Auditor General
<b>AI</b>	Artificial Intelligence
<b>CEO</b>	Chief Executive Officer
<b>COGTA</b>	Department of Cooperative Governance and Traditional Affairs
<b>CSIR</b>	Council of Scientific and Industrial Research
<b>CDT</b>	Communication and Digital Technologies
<b>DBC</b>	Department of Basic Education
<b>DHA</b>	Department of Home Affairs
<b>DPME</b>	Department of Planning, Monitoring and Evaluation
<b>DPSA</b>	Department of Public Service and Administration
<b>DTPS</b>	Department of Telecommunications and Postal Services
<b>DHET</b>	Department of Higher Education and Training
<b>GITOC</b>	Government Information Technology Officers Council
<b>ESD</b>	Enterprise Supplier Development
<b>GPCE</b>	Government Private Cloud Ecosystem
<b>GDTS</b>	Government Digital Transformation Strategy
<b>GCI</b>	Global Competitiveness Index
<b>GDP</b>	Gross Domestic Product
<b>HCM</b>	Human Capital Management
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	Information and Communication Technology
<b>IMC</b>	Inter-Ministerial Committee
<b>IT</b>	Information Technology
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NDP</b>	National Development Plan
<b>VNF</b>	Vendor Neutral Facility
<b>NPC</b>	National Planning Commission
<b>NT</b>	National Treasury
<b>OEMs</b>	Original Equipment Manufacturer
<b>OHI</b>	Organisational Health Index
<b>PFMA</b>	Public Finance Management Act
<b>SA</b>	South Africa
<b>SALGA</b>	South African Local Government Association
<b>SDN</b>	Software Defined Networks
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>SCM</b>	Supply Chain Management
<b>SITA</b>	State Information Technology Agency
<b>SOE</b>	State-Owned Entity
<b>SOC</b>	Security Operation Centre
<b>UN</b>	United Nations
<b>OEM</b>	Original Equipment Manufacturers
<b>OHI</b>	Organisational Health Index
<b>SMART</b>	Specific Measurable Achievable Realistic Time-bound



# NOTES





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