



# 2020-2025

STRATEGIC 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 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 (SOCs) 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, SOC's 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 completely supported by its 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 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 and essential government services. Government is positioning itself to steer 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, localisation, 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

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 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.

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

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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.

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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.

*Executive Caretaker and Accounting Authority*



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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.

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- (H) SITA ANNUAL REPORT 2018-2019
- (I) NATIONAL TREASURY FRAMEWORK FOR STRATEGIC PLANS AND ANNUAL PERFORMANCE PLANS
- (J) NATIONAL DEVELOPMENT PLAN 2030
- (K) DRAFT GOVERNMENT MTSF 2020-2024
- (L) WORLD ECONOMIC FORUM GLOBAL COMPETITIVE INDEX REPORT 2017-2018
- (M) DIGITAL GOVERNMENT STRATEGIES FOR TRANSFORMING PUBLIC SERVICES IN THE WELFARE AREAS – ADAM MOLLERUP
- (N) SITA SERVICE CATALOGUE, ERP PROJECTS [NOV 2016]
- (O) DRAFT PUBLIC SECTOR DIGITISATION STRATEGY
- (P) DRAFT SA CLOUD FIRST POLICY
- (Q) HCM STRATEGY
- (R) SITA DIGITAL TRANSFORMATION STRATEGY 2020-2025
- (S) WORLD ECONOMIC FORUM REPORTS ON DIGITAL TRANSFORMATION, 2018

A hand is shown in silhouette, holding a glowing digital globe. The globe is composed of a network of white lines and dots, representing a digital or networked structure. The background is a warm, orange and yellow sunset sky with soft clouds and several bright, starburst light effects. The overall mood is futuristic and optimistic.

# DIGITAL **TRANSFORMATION**

SEAMLESS CITIZEN EXPERIENCE THROUGH  
INTEGRATED GOVERNMENT



*Part A*  
**Part A**



**OUR  
MANDATE**

01

# CONSTITUTIONAL MANDATES

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

## 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.

## 02

# LEGISLATIVE AND POLICY MANDATES

## 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, 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.

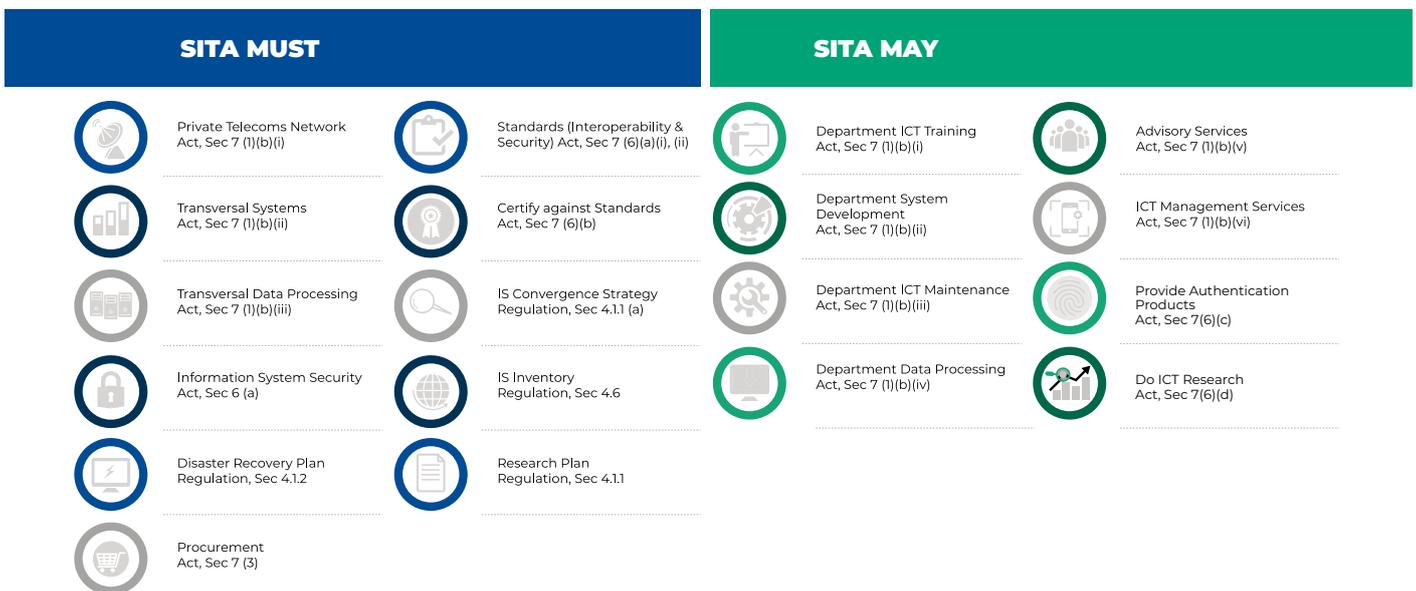


Figure 1: SITA Must and May Services

# 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:**

- Eliminate poverty,
- Reduce inequality and unemployment,
- Propose specific policy actions, and
- Set targets and identify mechanisms for effective implementation.

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

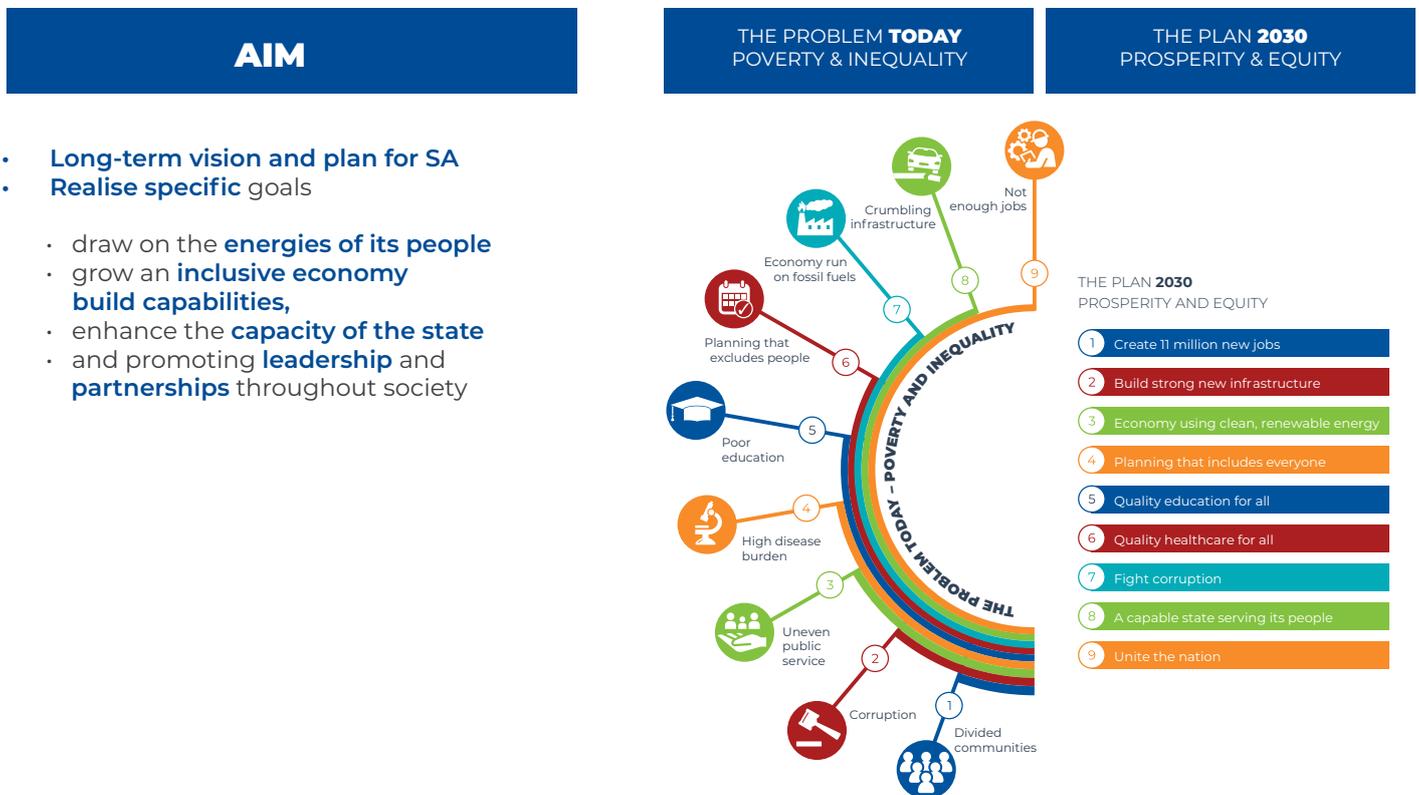


Figure 2: NDP vision 2030

### 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.

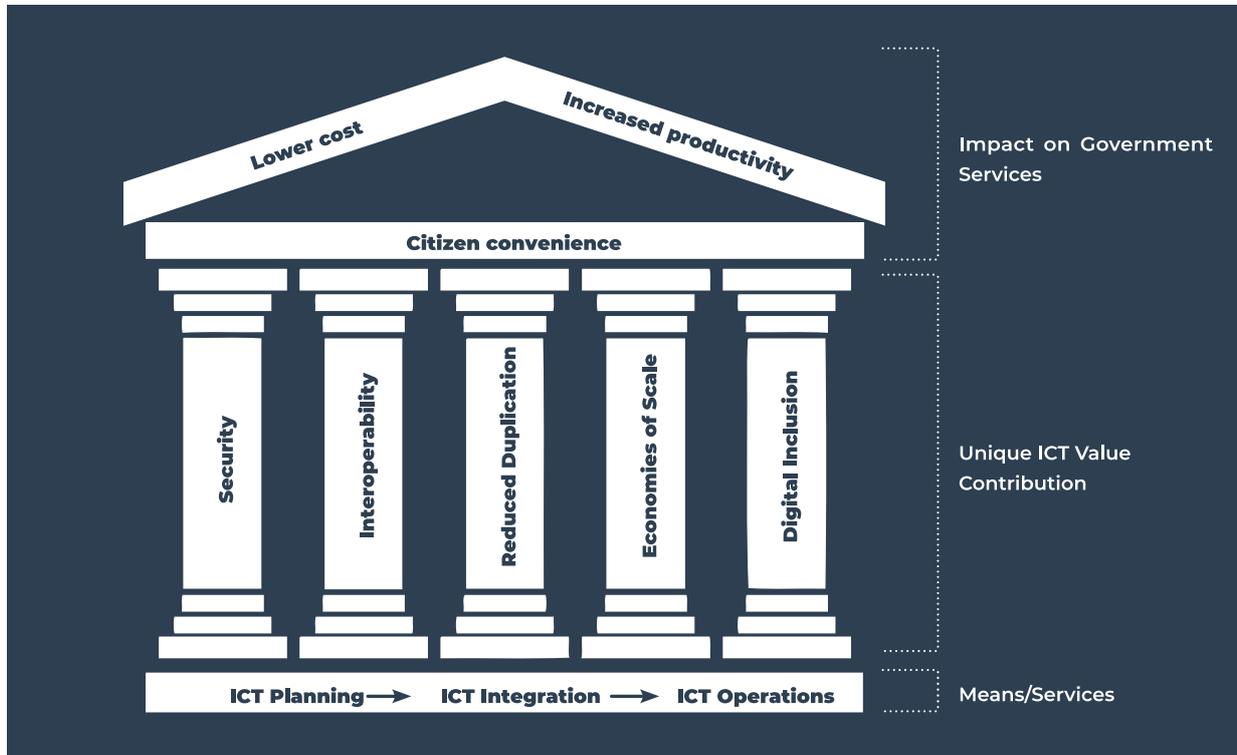


Figure 3: ICT House of Values

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 digitalise 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 harmonise 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.



*Part B*  
**Part B:**

**OUR  
STRATEGIC  
FOCUS**

01

**VISION**

The vision of SITA is as follows: **“To be the leading information and communications technology (ICT) agency in public service delivery.”**

02

**MISSION**

The mission of SITA is as follows: **“To render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to service delivery and citizen convenience.”**

03

**VALUES**

In the quest to achieve its mission and vision, SITA has adopted and seeks to promote the following values:



**CUSTOMER CENTRICITY:**

Exceed customer expectations by providing the best appropriate services and solutions.



**INNOVATION:**

Pursue innovation by demonstrating thought leadership and proactive behaviour on the use of Information and Communication Technology to enhance public service delivery.



**INTEGRITY:**

Conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability among all our employees.



**AGILITY:**

Adaptive and responsive in an evolving environment in order to maintain relevance and competitive advantage.



**COLLABORATION:**

Co-operate and support each other in pursuit of our shared goals to achieve synergies and greater productivity.



**EMPATHY:**

Understand and support each other in our different perspectives.

*Vision, Mission Values*

## 04

## SITUATIONAL ANALYSIS

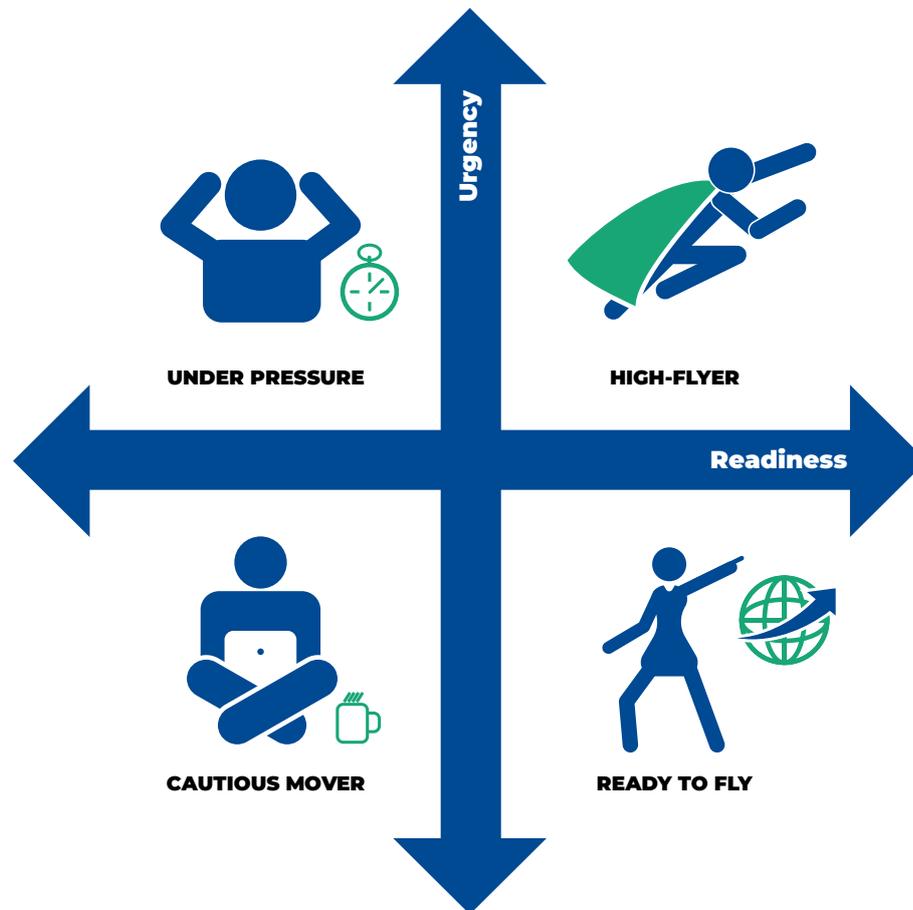
The year 2019 marked 25 years of freedom for South Africa (SA) and this presented an ideal opportunity to learn from both successes and challenges and use the latter to develop strategies that will accelerate the country's progress towards the outcomes of the NDP2030. Though substantial progress has 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, among 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 digitalise 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.

*Situational Analysis*



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

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

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

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.

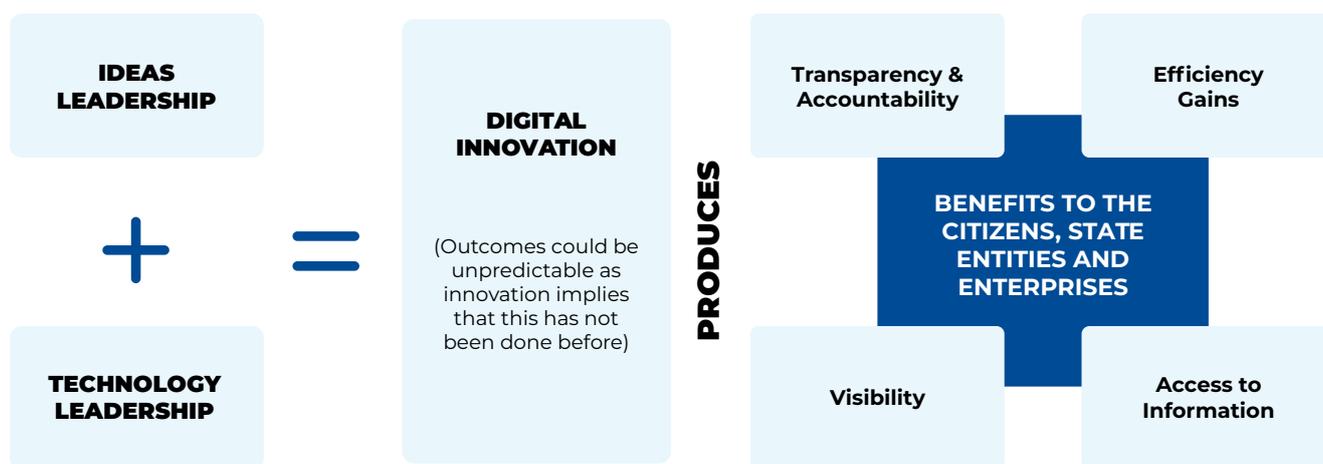
Improving governance arrangements for pursuing a digital government agenda include the following:

- 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;
- Establishing strong organisational and governance frameworks to coordinate implementation of the digital strategy, with appropriate checks and balances; and
- 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:



**DISRUPTIVE CHANGE:**

Disrupts the historical processes and procedures as well as the way the services are delivered.

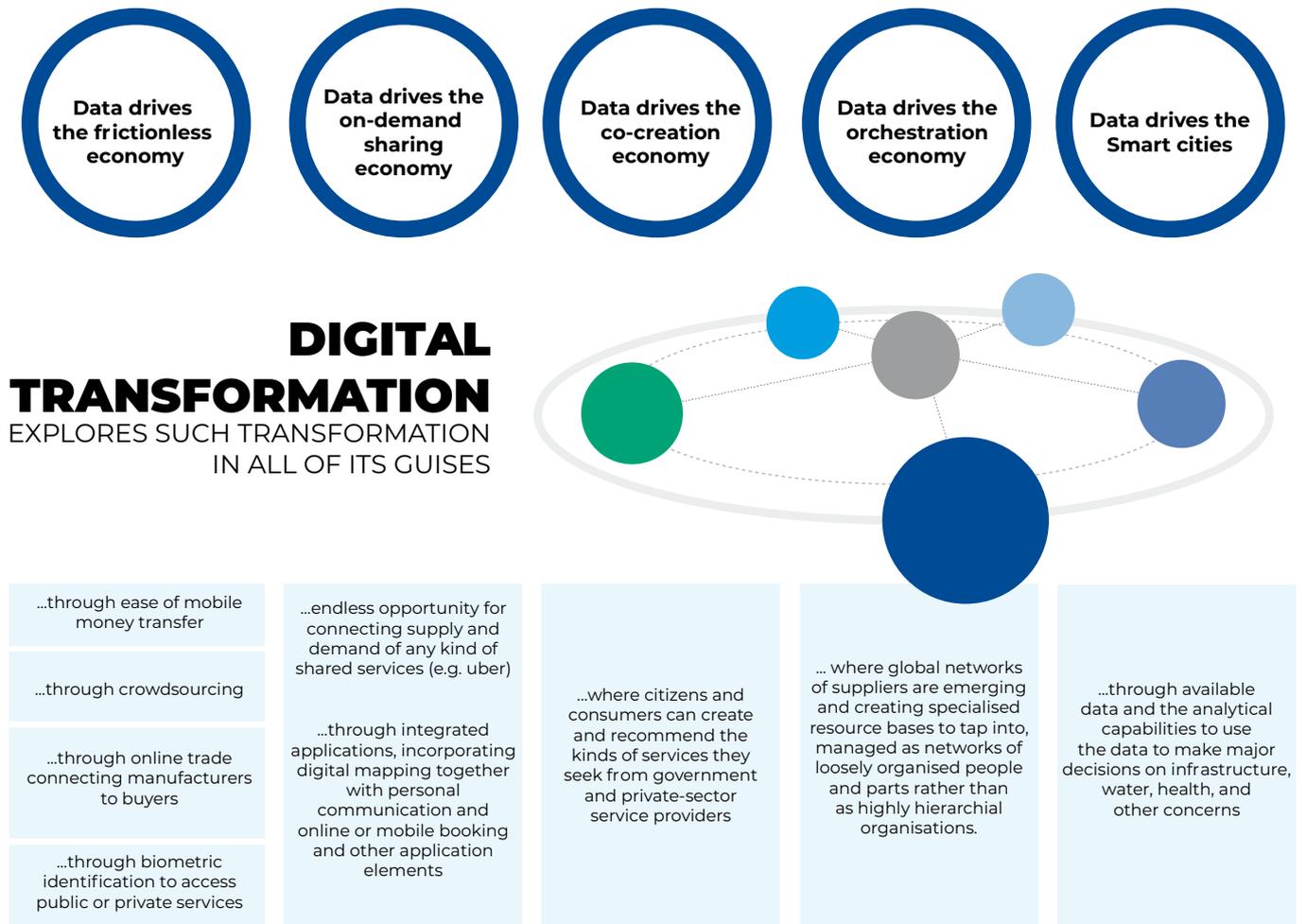
**Figure 5: Digital Innovation Creating Enhanced Benefits**

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:



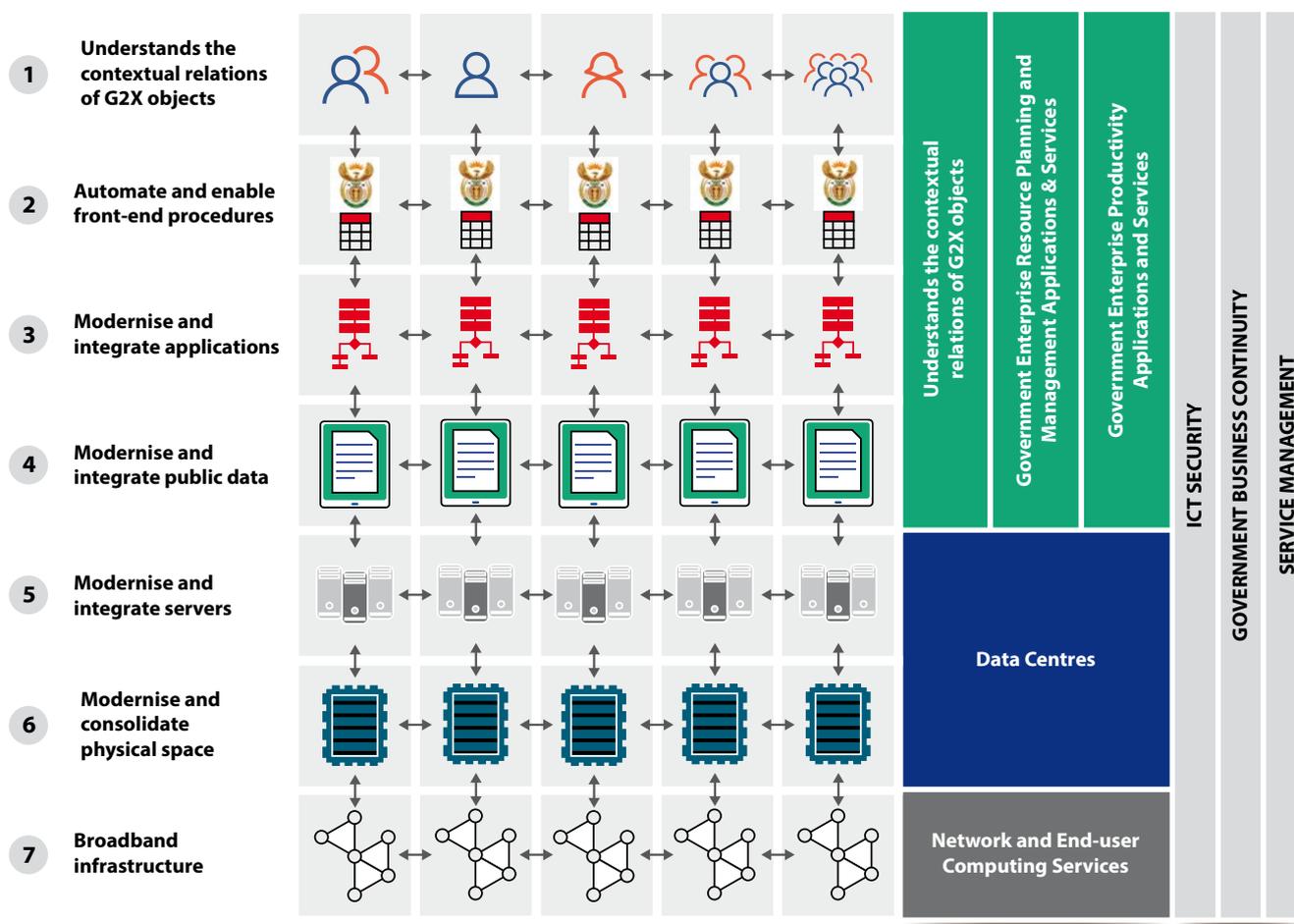
**Figure 6: Exploring Digital Transformation in a Data-Driven Economy**

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”.)

Digitalisation 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.

### Life Episodes of a Citizen or Objects



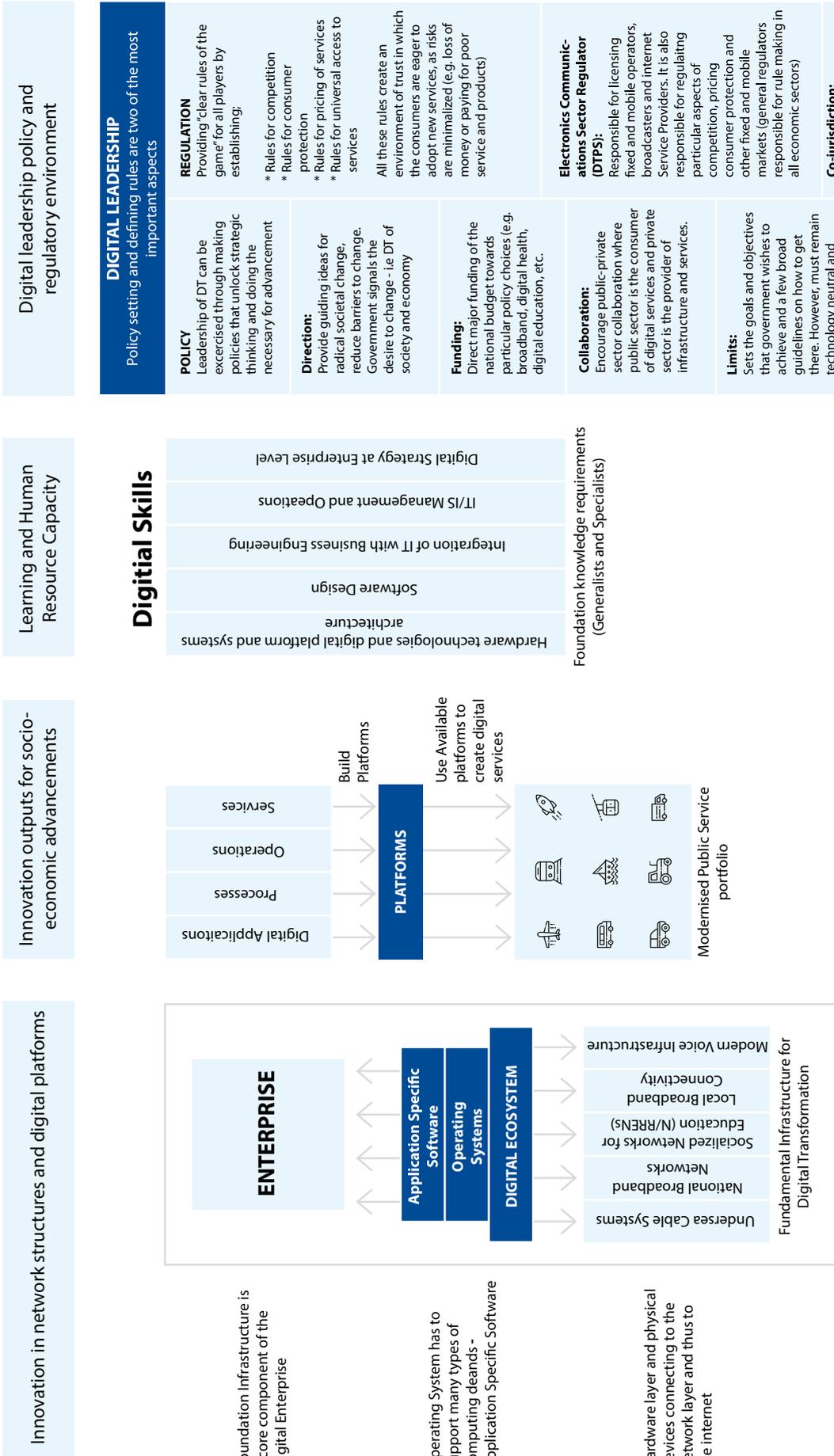
**Figure 7: Digitilisation of Government**

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 digitalising 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



Foundation Infrastructure is a core component of the Digital Enterprise

Operating System has to support many types of computing demands - Application Specific Software

Hardware layer and physical devices connecting to the network layer and thus to the internet

Figure 8: Strategic Streams for Successful Digital Transformation



## EXTERNAL ENVIRONMENT ANALYSIS

### 4.1.1 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 digitalise 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 digitalisation 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:

- Support achievement of NDP initiatives through ICT;
- Re-used SITA resources to deliver services;
- Make SITA a National Centre of ICT excellence;
- Promote a national culture of digital innovation and;
- 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:

#### (a) 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.

#### (b) 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.

#### (c) 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.

**(d) 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.

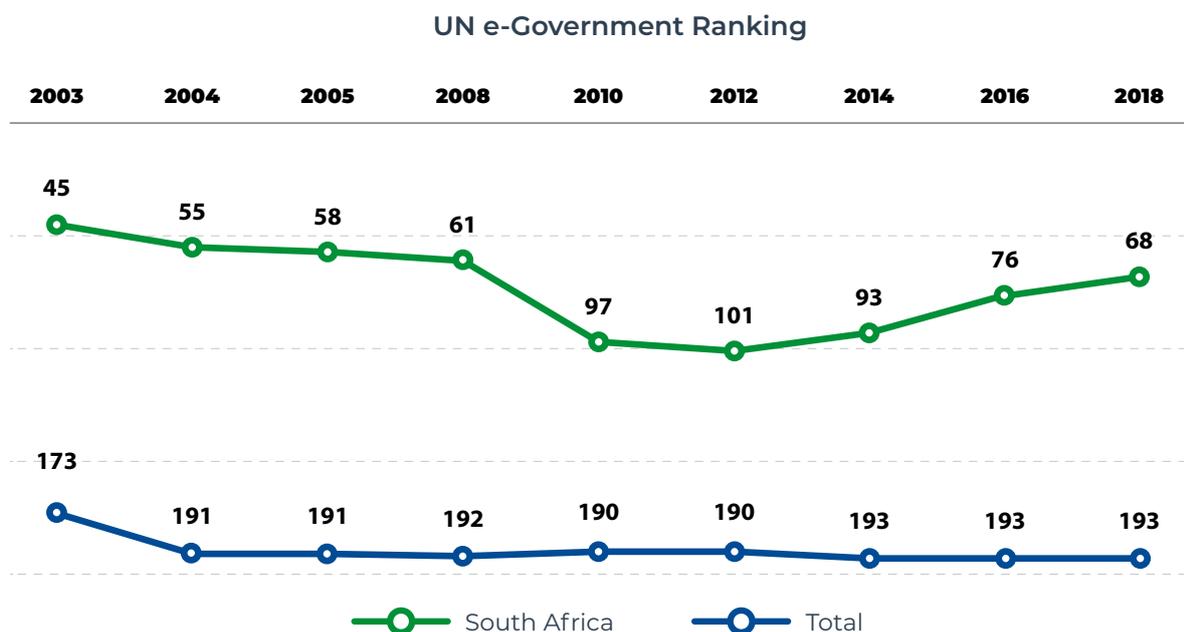
Research has, as far back as 2013, established that there is a very real digital dividend available to countries that implement e-Government. Subsequent studies conducted over the past few years have similarly reinforced the linkages between digitalization and three developmental areas that really matter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

**4.1.2 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**

### 4.1.3 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)

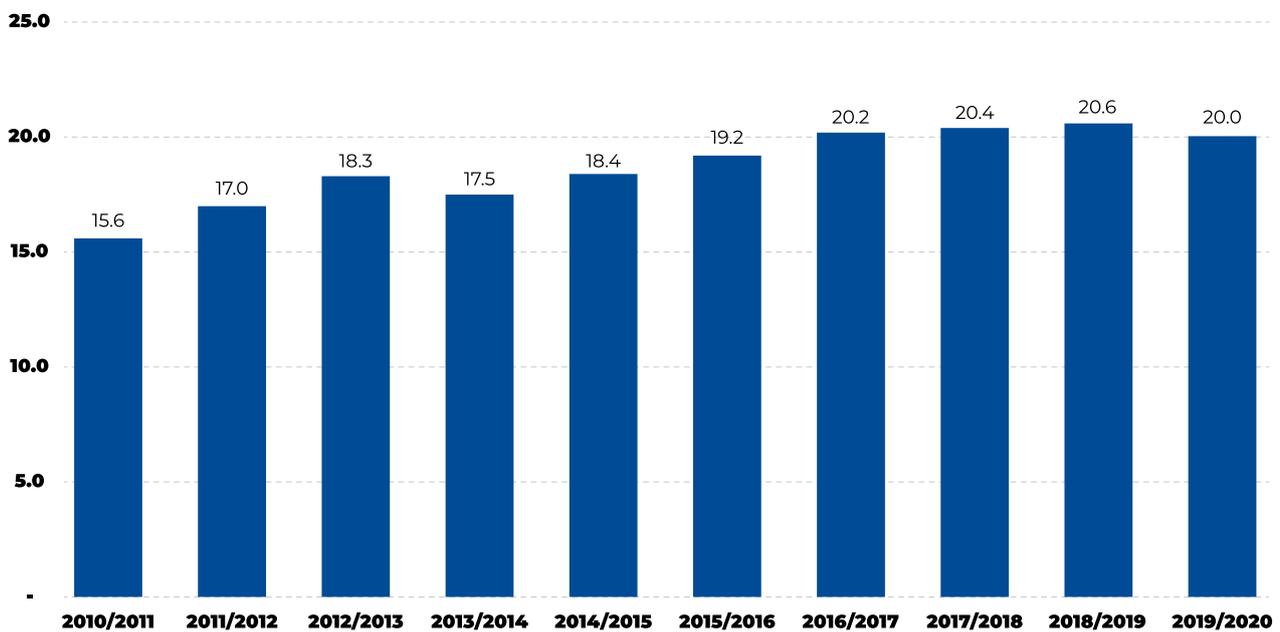


Figure 10: Government ICT Expenditure

### 4.1.4 FOURTH INDUSTRIAL REVOLUTION

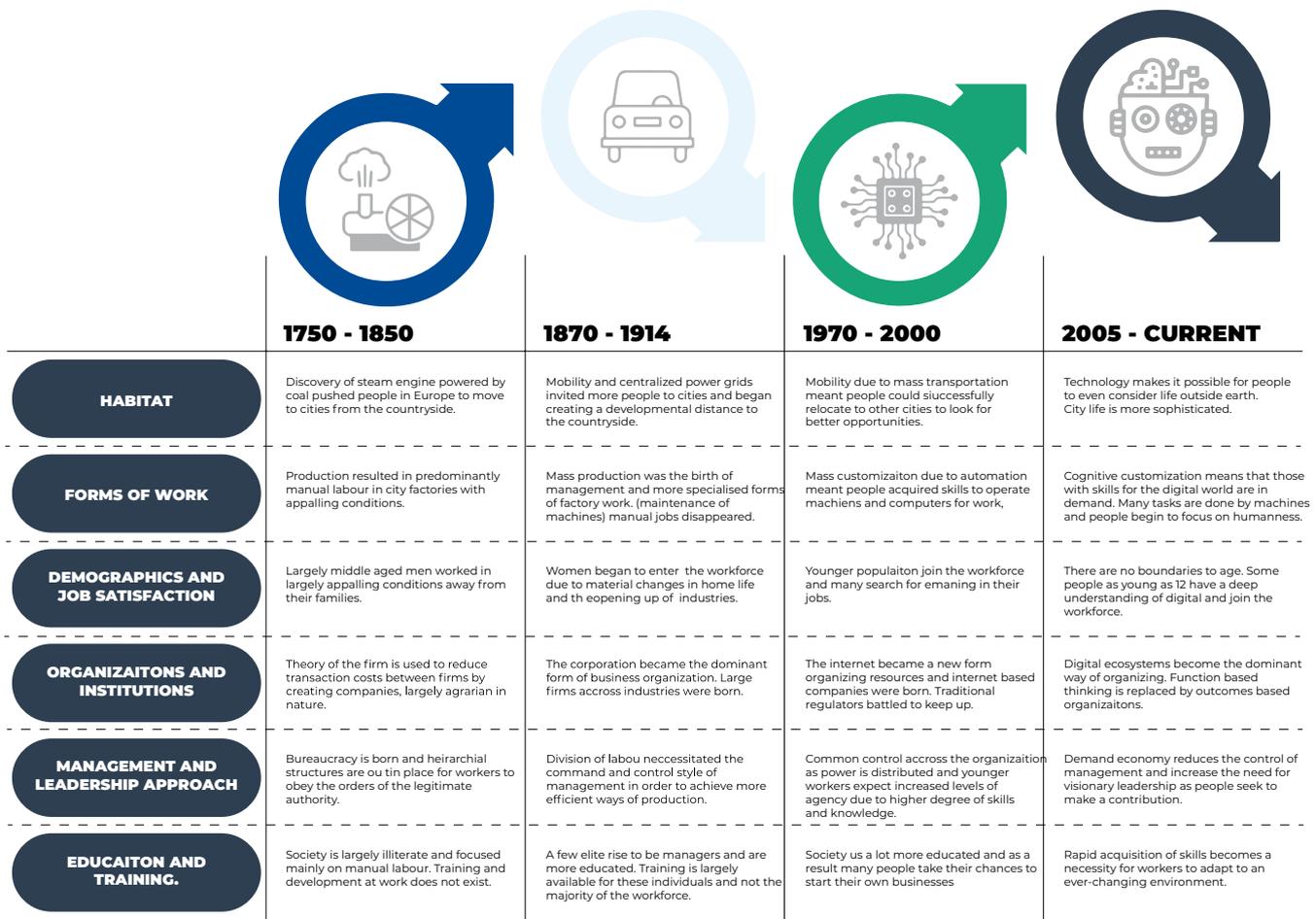
We are now in the advent of the Fourth Industrial Revolution! The merging of cyber-physical systems together with the biological sphere of human life creates unprecedented opportunities for how we live our lives. Whilst this reality traverses all aspects of human life at lightning speed, the inevitable 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 and 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 11 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.

### 4.1.5 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 prioritised 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 recognised 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 digitise 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, optimise operations, empower employees and transform services as illustrated in below:

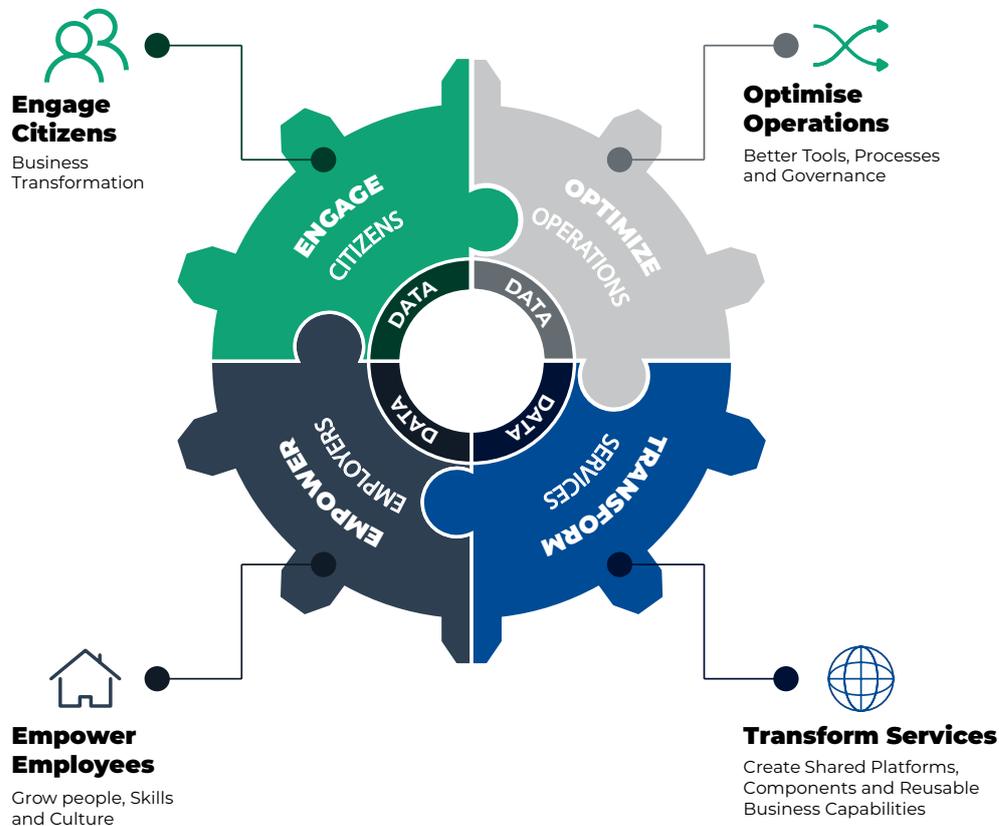


Figure 12: Digital Transformation Model for SA Public Service

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.

#### 4.1.6 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 cybersecurity. Comparing the current SA context to the top six digital transformation trends in public sector service delivery reveals the following:

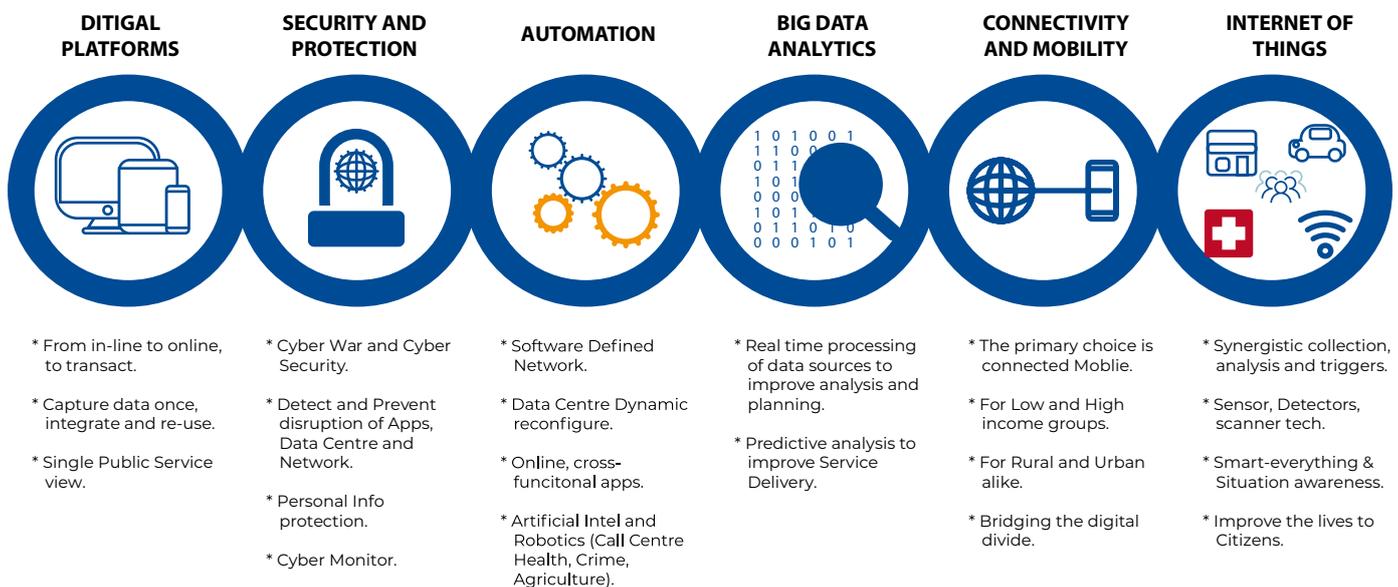


Figure 13: Digital transformation trends

##### 4.1.6.1 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.

#### 4.1.6.2 SECURITY AND PROTECTION

Cybersecurity 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 cybersecurity policies, strategies and plans are lacking.

#### 4.1.6.3 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.

#### 4.1.6.4 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.

#### 4.1.6.5 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.

#### 4.1.6.6 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.

## 4.2 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:

- 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.
- 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.
- 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.
- 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
- 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.

- 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).
- 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.

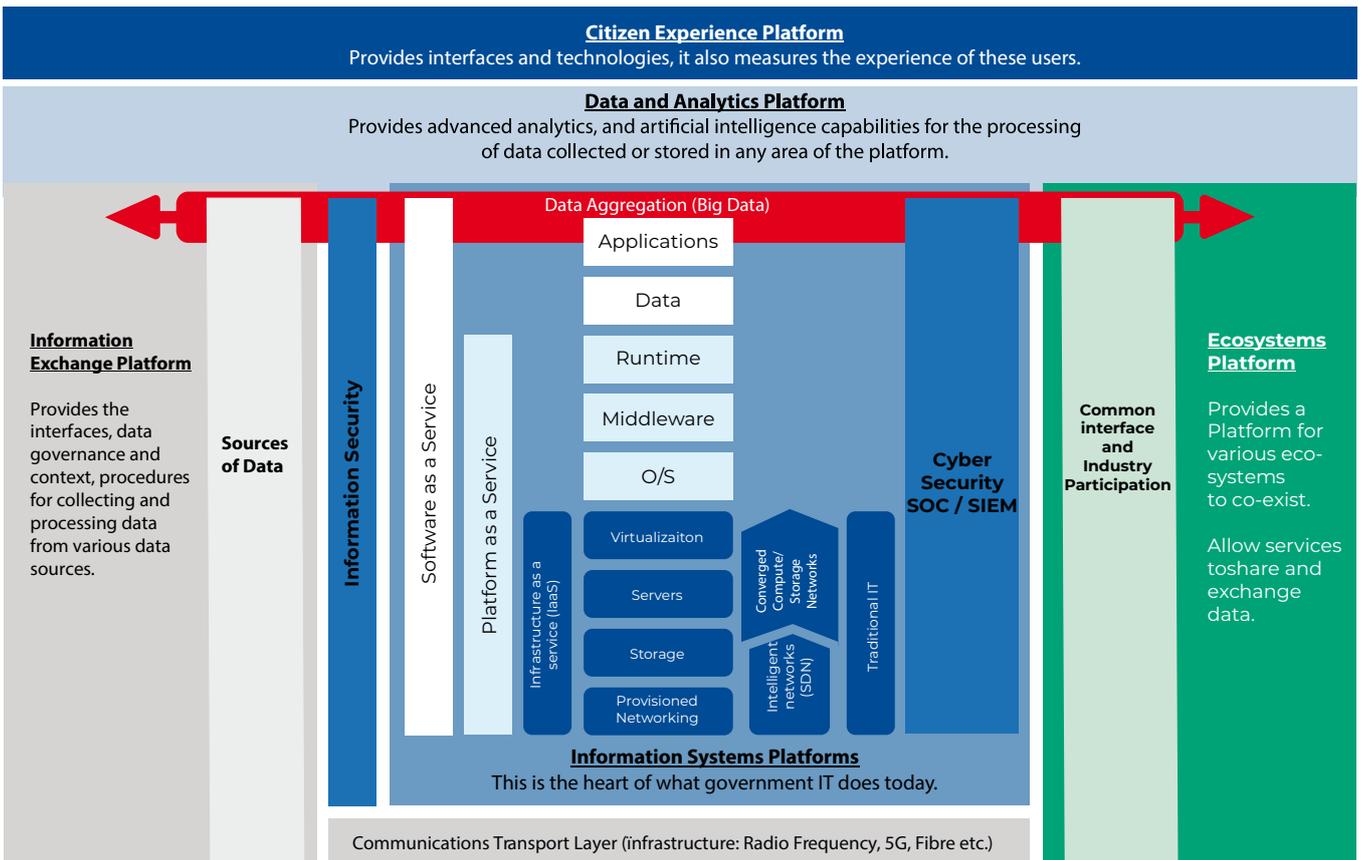


Figure 14: Digital Government Platform Ecosystem (DGPE)

### 4.2.1 BUILDING KEY CAPABILITIES

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:**

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

#### **4.2.2 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 digitalising 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.

##### **4.2.2.1 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:**

- 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);
- Providing incremental and disruptive innovative products and services that improve the quality of life of the citizens;
- Acquiring and nurturing technical expertise by developing talent in unison with technology assets;
- Establish an enabling environment with respect to knowledge creation and innovation to SITA internally and to its clients;
- 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;
- Acting as a catalyst for the development of a sustainable local ICT industry and protect government against vendor-locking; and
- 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.

#### 4.2.2.1.1 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.

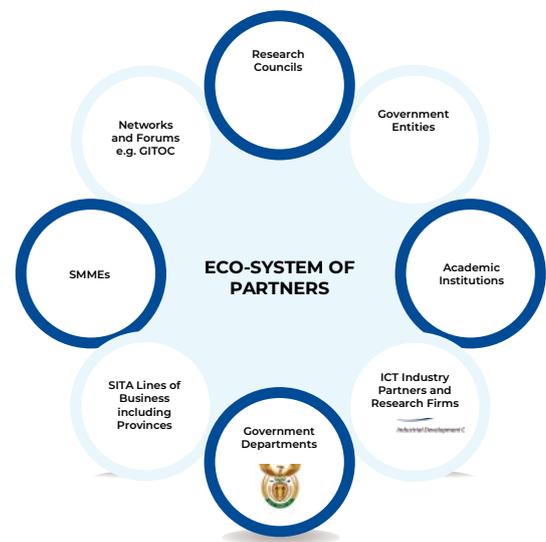
#### 4.2.2.1.2 INNOVATION

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;
- **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;

- **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;
- **Prototypes and pilots:** hands-on evaluation of the innovation;
- **Transfer and incubation:** transition the innovation from a concept or prototype to a fully realised product or service in the SITA catalogue; and
- **Open innovation:** capitalizing on the knowledge that resides outside SITA's boundaries, and using an ecosystem of partners to help exploit innovation

The following elements will be considered to implement innovation programmes:

- **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;
- **Processes:** processes will be defined to manage the I&R, from proofs-of-concept to production and to encourage innovation and reward innovators;
- **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;
- **Culture of innovation:** establish mechanisms to receive and implement innovations while encouraging and rewarding innovation; and
- **Metrics:** Innovation measures must be aligned to citizen centricity and the criteria of success must result in measureable value.

#### 4.2.2.1.3 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:**

- Development of local technology products (technology localisation);
- Integration of existing products to create new solutions addressing local requirements;
- Ensuring knowledge transfer / skills transfer from multi-nationals; and
- Stimulate economic growth through SMME development (access to the government market).

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

- **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.
- **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.
- **Black industrialist/localisation:** Utilisation of SITA and government ICT goods demand to foster the establishment of new competitive manufacturing companies in the ICT sector.
- **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.

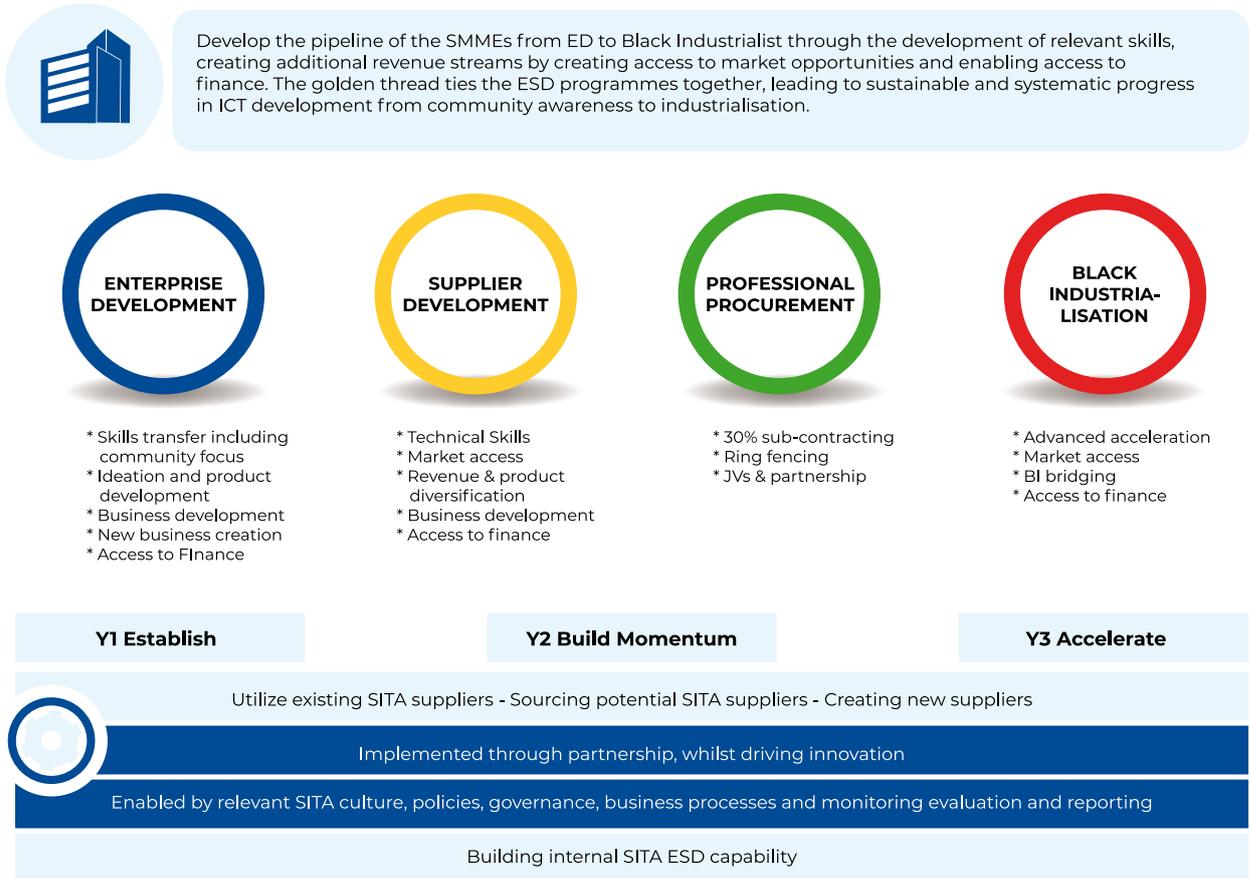


Figure 16: ESD strategy

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 localisation is to grow the SMMEs by providing platforms to develop software solutions from conceptualisation 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.

**4.2.2.1 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:

- Rendering a 24/7/365 monitoring, detection, reaction and defensive service,
- Protecting government information assets and services through application of the latest security technology,
- Proactive early detection of security incidents, events and breaches through effective monitoring,
- Prevention of any cyber-attack, as well as resolution and mitigation of security incidents and events,
- Ensuring that there is a single view across the information security spectrum,
- Monitoring compliance, detecting insider abuse of the financial systems, incident response, forensic analysis, and vulnerability assessments,
- Acting as a communication hub for security personnel and stakeholders,
- 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:**

- Financial loss as a result of lost revenue or costly remediation services;
- Reputational loss due to unavailability of services or, worse, the loss of confidential information;
- Civil and criminal action against SITA or government entities should personal information be lost (POPI Act compliance);
- Theft of state information;
- 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.

#### **4.2.2.3 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.

#### 4.2.2.4 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.

#### 4.2.2.5 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.

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:**

- Long delivery time frames: some requests take over a year to complete;
- Clients are locked into contracts long after the contract has expired, and contracts are repeated up to five times for the same client;
- Most tenders gets cancelled;
- Poor communication leads to customers not being informed that tenders are concluded;
- 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;
- Goods and services procured are costly because SITA is unable to leverage economies of scale; and
- 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 modernise 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:**

- Achieve efficiency across government through simplified ICT procurement;
- Consolidate government contracts and purchasing power; and
- 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.

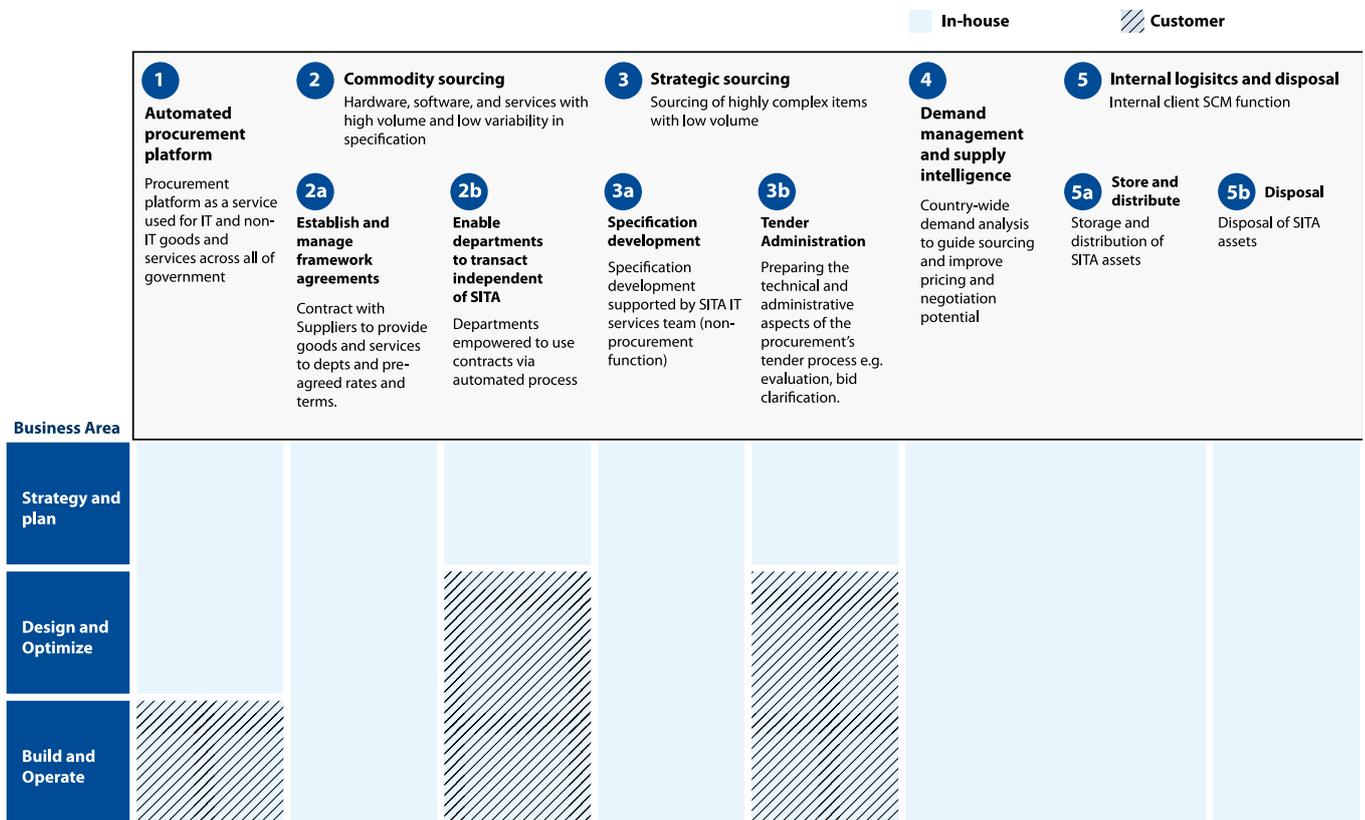


Figure 18: Procurement business model

- (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.

#### 4.2.2.6 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.

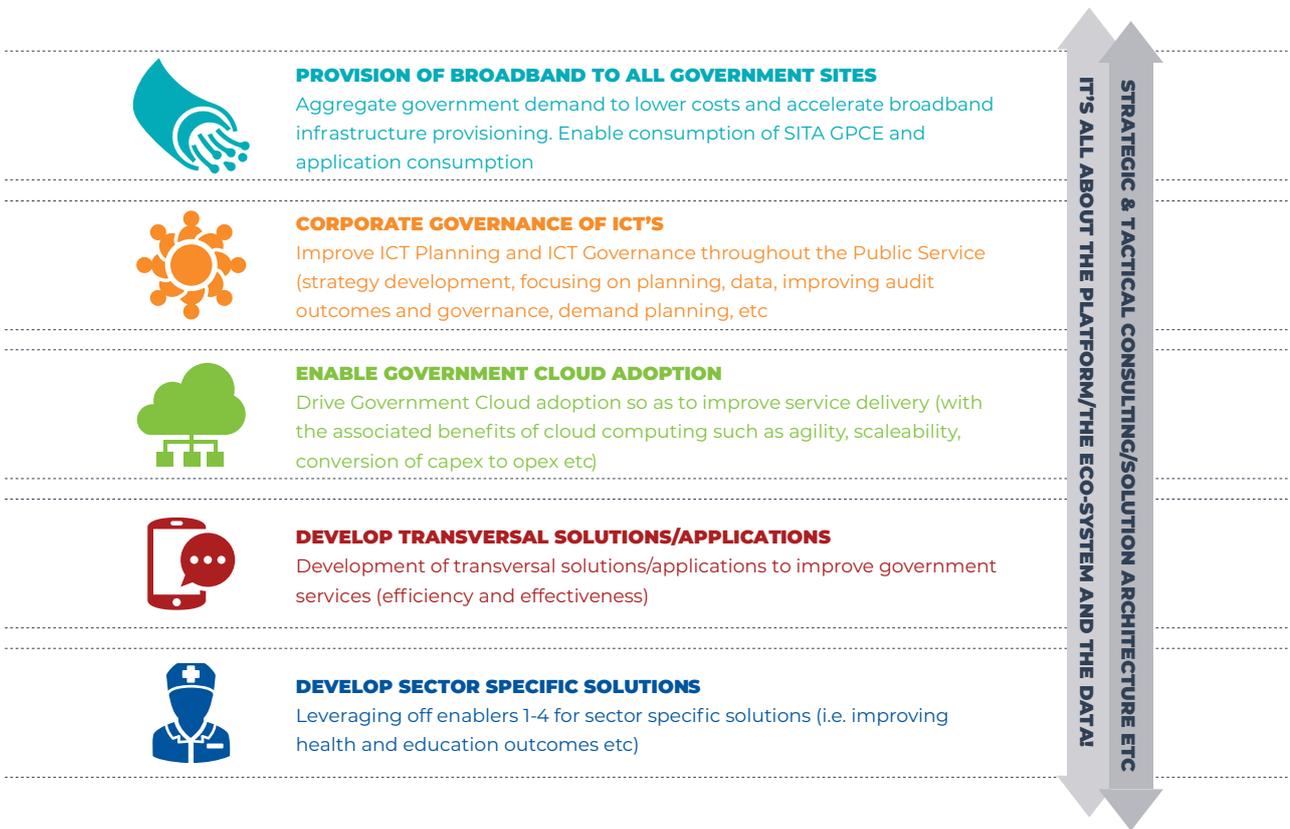


Figure 19: Provincial and local government digitalisation blueprint

### 4.2.2.7 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.

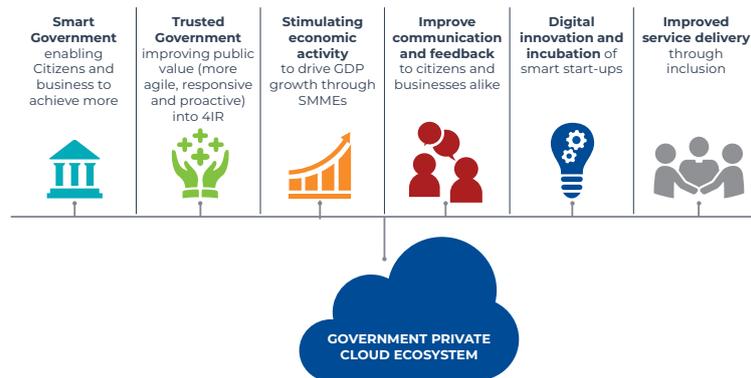


Figure 20: GPCE: an enabler for digital transformation

- (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.

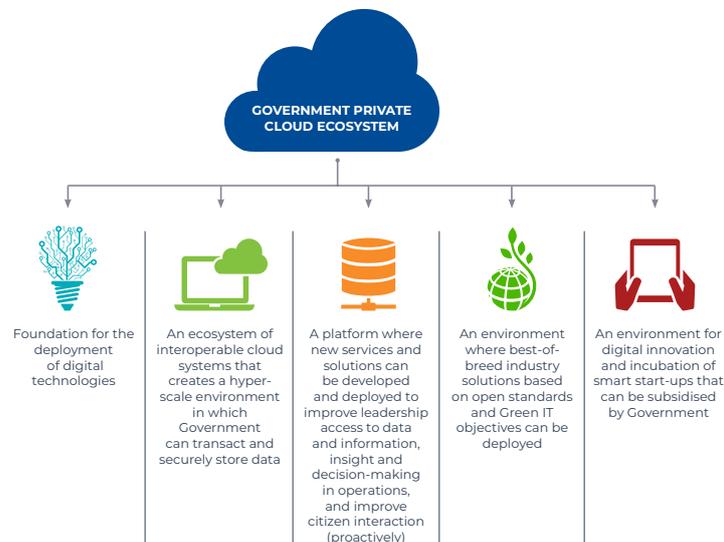


Figure 21: GPCE implementation

- (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.

## 4.3

# INTERNAL ENVIRONMENT ANALYSIS

### 4.3.1 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 life cycle 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:

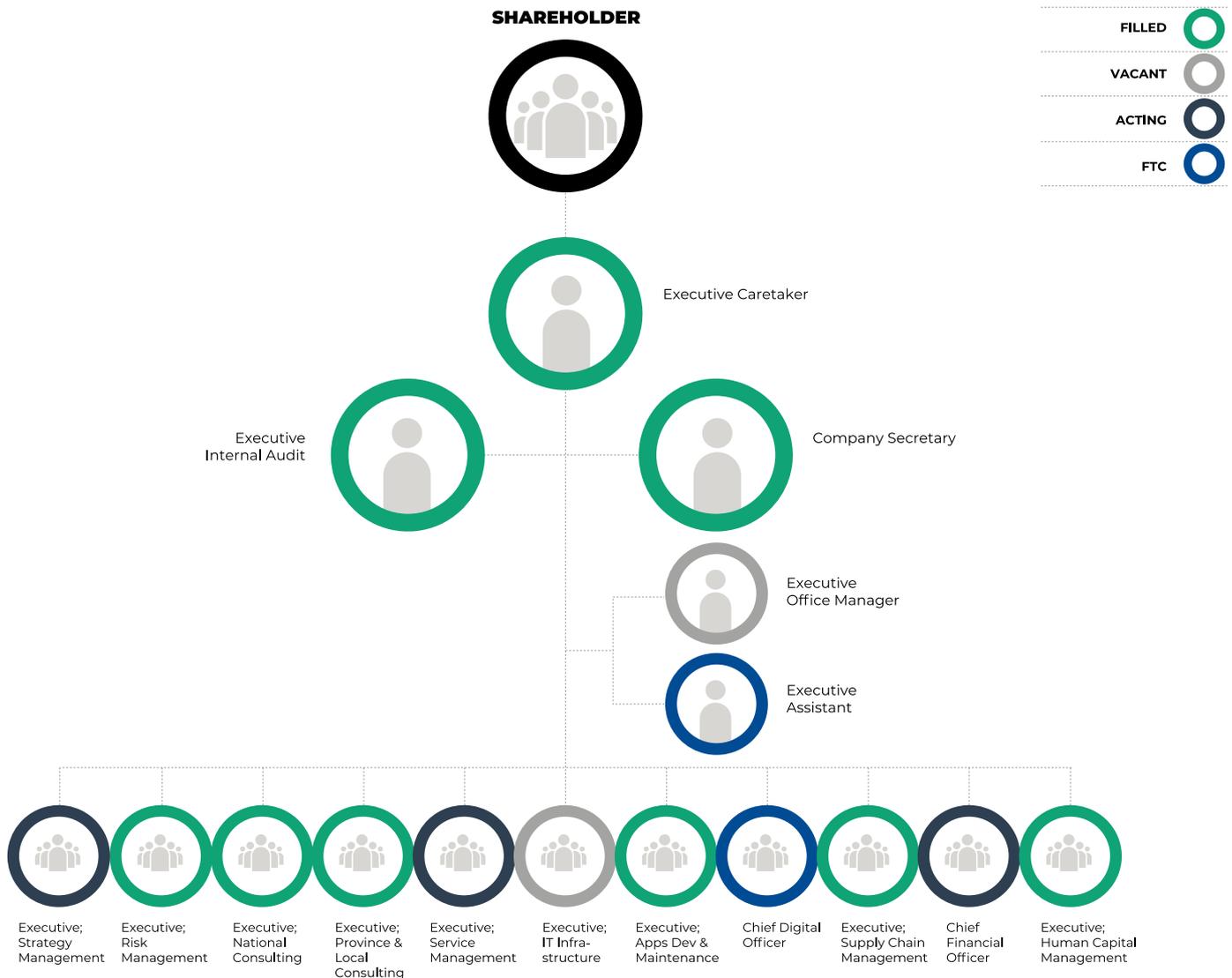


Figure 22: SITA macro organisational structure

### 4.3.2 HUMAN CAPITAL MANAGEMENT

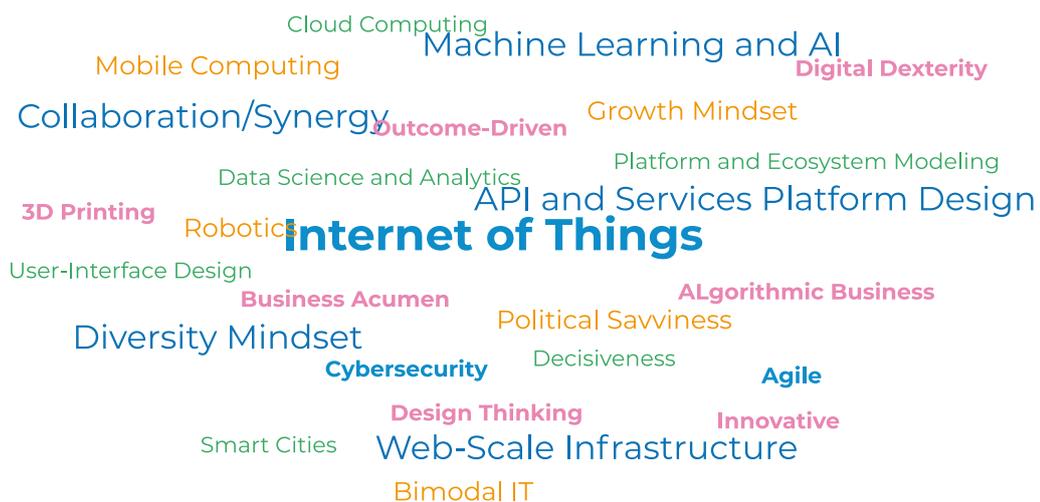
SITA recognises that digital transformation warrants a parallel process to be followed; namely digitalisation of its internal business environment while enabling digitalisation of government. One of the critical success factors is to build a corporate culture underpinned by good business ethics that 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 SITAs 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 organisation’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



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 among 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.

### 4.3.3 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 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 money 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 continues 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:

- An authorised notice in the national Government Gazette by the Minister (Minister of Finance); and
- 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:**

- 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;
- The rescheduling of SITA from a 3A public entity to a schedule 2A public entity in order to be mandated to borrow funds;
- 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;
- 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
- 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:**

- SOE rationalisation and the possible impact on SITA.
- SLA's not signed on time.
- Customers not paying on time due to budget constraints and internal challenges and service delivery complaints.
- 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 systems have been aligned to the new SITA.
- Risks relating to new revenue streams.
- 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.
- Growing too fast may result in SITA running out of cash.
- 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.

#### 4.3.4 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 are key enablers 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:**

- Customer focus: Understanding customers and responding to their needs;
- Competitive insights: Acquiring and using information about the government ICT market to inform Business decisions;
- Business partnerships: Building and maintaining a network of external business partners;
- Financial management: Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance;
- Government community relations: Developing strong relationships with the public, local communities, government and regulatory agencies; and
- 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.

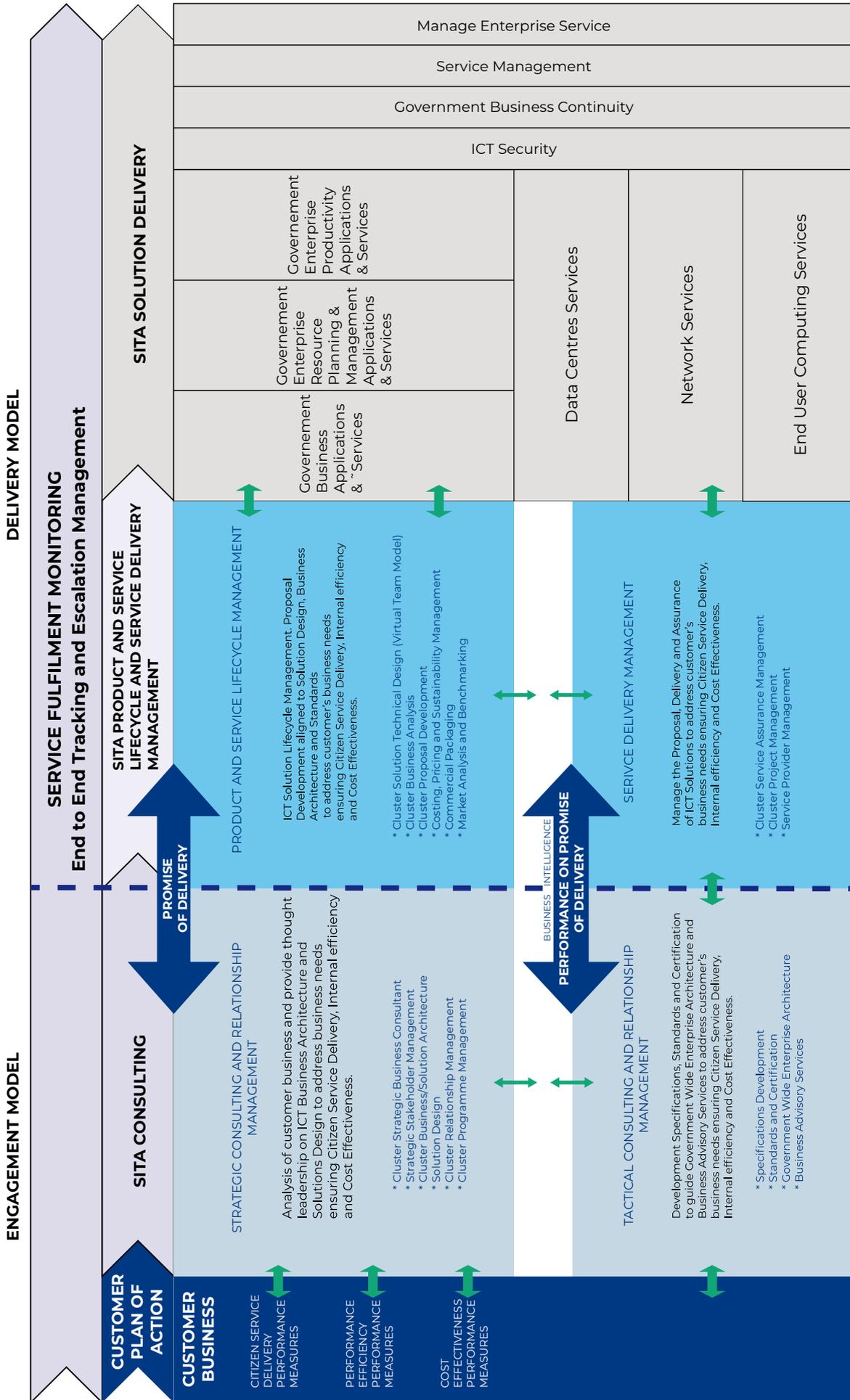


Figure 24: Customer Engagement and Delivery Model

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 life cycle 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.

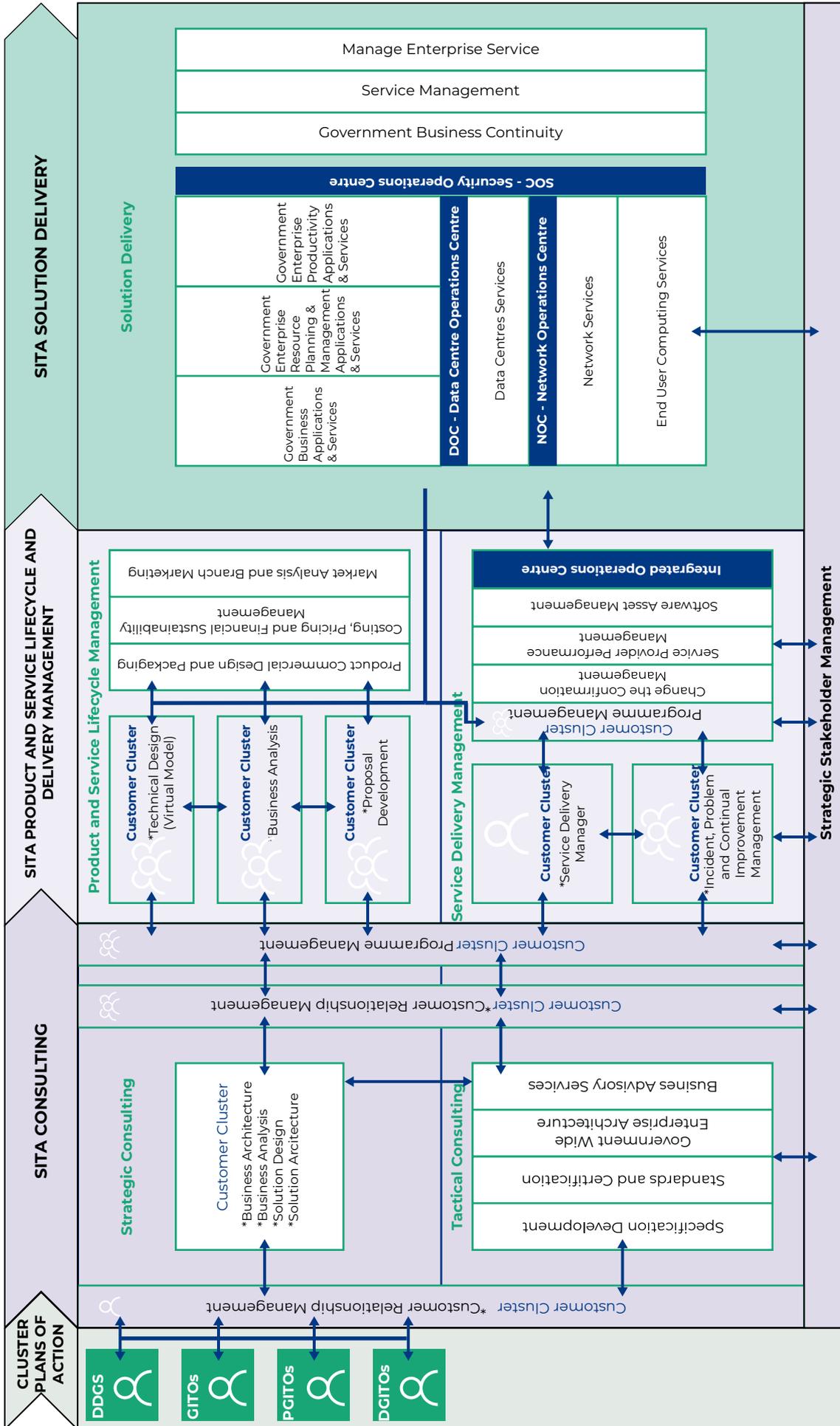
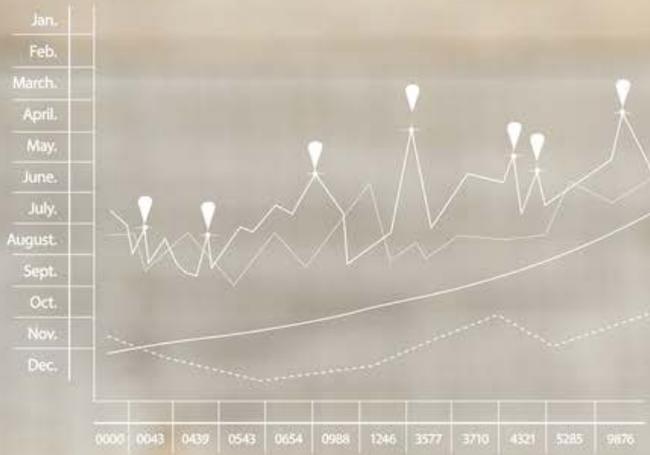


Figure 25: Consulting, Product/Service Lifecycle and Service Delivery Management, Solution Delivery Collaboration



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



## 4.1

## INTRODUCTION

SITA implements its strategy through the five strategic programmes as elaborated in the table below. The strategic plan is executed through the Annual Performance Plan (APP) and is cascaded to the organisation through the corporate balanced scorecard which also serves to monitor and evaluate performance to ensure that the outcomes and impact of the strategy area achieved.



**PROGRAMME 1:  
THOUGHT LEADERSHIP AND  
SERVICE DELIVERY**

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.



**PROGRAMME 2:  
DIGITAL INFRASTRUCTURE**

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



**PROGRAMME 3:  
SKILLS AND CAPABILITY  
DEVELOPMENT**

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.



**PROGRAMME 4:  
FINANCIAL SUSTAINABILITY**

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.



**PROGRAMME 5:  
PROCUREMENT AND  
INDUSTRY TRANSFORMATION**

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.

Figure 26: Strategic programmes

## 4.2

MEASURING THE **IMPACT**

The overall strategy of SITA aims to achieve the impact defined below. The impact is aligned to SITA's reason for existence as articulated in the SITA Amendment Act 38 of 2006.



**IMPACT  
STATEMENT**

Improved citizen experience of government service delivery through digital channels and improved efficiency of government operations through the provisioning of secure and cost-effective ICT solutions, products and services.

# 4.3

## MEASURING OUTCOMES

SITA has defined, per programme, the strategic outcomes that are to be achieved over the medium to long term. Each outcome has the accompanying outcome indicator and a performance target that the organisation hopes to achieve by the end of the medium-term cycle.

### MTSF PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION

| Programme                               | Outcome   | Outcome indicator  | Baseline                              | Three-year target (2020/2023)   |
|---|---|--|---------------------------------------|---|
| Thought Leadership and Service Delivery | Seamless integrated and trusted public services   | % increase in customer satisfaction level                    | 51% customer satisfaction level       | 60% customer satisfaction level   |
| Digital Infrastructure                  | Increased citizen value through availability & accessibility of core government public facing services on digital platforms | % core public-facing services available on digital platforms | -                                     | 40% core public-facing services available on digital platforms                              |
|   | Optimised digital infrastructure  | Maturity level of the digital infrastructure                 | -                                     | Attain maturity level 2 digital infrastructure as per the digital government maturity model |
| Skills and Capability Development       | Enhanced workforce capability solving complex problems and adopting innovative solutions                                    | % digitally capable workforce                                | -                                     | 50% digitally capable workforce   |
| Financial Sustainability                | Innovative digital service investments promoting financial sustainability   | % increase in profitability                                  | -1% profitability                     | 3% increase in profitability  |
| Procurement and Industry Transformation | Reshaping supply chain through ICT economic transformation  | % of black SMME suppliers in SITA                            | 10% of black SMME's suppliers in SITA | 50% of black SMME suppliers in SITA   |

## 05

# EXPLANATION OF PLANNED PERFORMANCE **OVER THE FIVE-YEAR PLANNING PERIOD**

Successful implementation of the SITA strategy requires optimal alignment to the national priorities as articulated in the NDP2030, SONA and the government digital transformation strategy. Therefore, the SITA strategic outcomes are directly aligned to the relevant government MTSF priority and outcome statement, namely, the *Priority 1: Economic Transformation and Job Creation and Outcome Statement*, which reads: Inclusive economy, enabled by advanced digital technologies, which provides equally accessible, intelligent and competitive products and services through government and Industry.

Overall, the outcomes contribute to creating digital value for SITA, industry and society at large, thereby achieving the aims of the MTSF as well as reinforcing the Agency core reason for existence as per SITA Mandate. In addition, as the strategy is implemented, ample opportunities will be afforded to women, youth and people with disabilities, e.g., through recruitment processes and skills development initiatives which will prioritise the development of the said designated groups.

The strategic outcomes are aimed at positively impacting SITA internal business operations, including augmenting key human capabilities, which will contribute to enhancing its internal environment and better servicing its clients and the citizen at large. This will ensure that SITA stays relevant and meets the skills and workforce challenges created by rapid digitalisation. Enhancing its digital infrastructure by investing in new technologies will create new efficiencies, enhance customer experiences, reposition and revitalise the SITA brand and build new business models. In addition, improving financial sustainability is aimed at increasing value for the shareholder and building a more profitable company, which includes creating value that extends beyond the bottom line (i.e., actively contributing to the development of ICT SMMEs through its preferential procurement practices and SMME training and development initiatives to enhance the wider economy of our country).

**SITA has identified five enablers which will assist with achieving its five-year targets, namely:**

- **An agile and digital-savvy leadership** – strategic vision, mission, skills, intent and alignment across management levels, which will ensure a nimble decision-making process on innovation;
- **Forward-looking skills agenda** – infusing a digital mind-set in the workforce by making innovation the focus of training and hiring programmes;
- **Eco-system thinking** – collaborating within the value chain (e.g. with SITA suppliers, distributors, customers) and outside (e.g. start-ups, academia);
- **Data access and management** – strong data infrastructure and warehouse capability combined with the right analytics and communication tools to drive competitiveness; and
- **Technology infrastructure readiness** – building required technology infrastructure to ensure strong capabilities on cloud, cybersecurity and interoperability.

Being a customer-centric organisation, SITA will ensure that its strategic outcomes deliver technologies to improve existing business processes and optimise assets and resources, thereby reducing costs and enabling savings for its customers. In addition, SITA's workforce will be more productive, and the optimised infrastructure will deliver an enhanced customer experience characterised by customised offerings and integrated customer information across platforms to increase transaction speed and trust. Other elements of the Agency's intended impact include supporting the government agenda focused on increasing broadband coverage, integrated e-government services and promotion of the ICT SMME industry. All the aforementioned will improve service delivery and the SITA brand will transition to become positively repositioned in the minds of all stakeholders, accompanied by an improved image and reputation. The overarching impact of the strategic outcomes will contribute to building an all-inclusive digital economy aligned to the digital transformation maturity model of South Africa.

# 06

## KEY RISKS

The key strategic risks that may affect the realisation of the outcomes are stated in the table below. Each risk has a mitigation plan, which is managed to ensure exposure to risk is minimised and that the planned five-year target is achieved.

| KEY RISKS  | MITIGATION PLANS   |
|--|--|
| <p><b>Threatened financial sustainability</b><br/>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><br/>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><br/>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><br/>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><br/>ICT service unavailability, inefficient supply chain services</p> | <ul style="list-style-type: none"> <li>• Capex investment               <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> </li> <li>• Capacitate SCM</li> <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><br/>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><br/>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>  |
| <p><b>Procurement Bill</b><br/>The draft Public Procurement Bill significantly affecting the agency revenue.</p>                    | <ul style="list-style-type: none"> <li>• Provide detailed input to the bill</li> <li>• Engage with National Treasury with regards to SITA's sustainability</li> <li>• Improve SITA procurement efficiency to Departments</li> </ul>  |
| <p><b>Long term sustainability of SITA</b><br/>Inability to repurpose SITA</p>  | <ul style="list-style-type: none"> <li>• Define the digital leadership skills required for our leadership</li> <li>• Establish single owner of a virtual team</li> <li>• Use high level findings from the Omnicor assessment to identify areas for leadership improvement</li> <li>• Develop a localisation strategy based on open source technology</li> </ul>  |
| <p><b>Procurement Bill</b><br/>The draft Public Procurement Bill significantly affecting the agency revenue.</p>                    | <ul style="list-style-type: none"> <li>• Provide detailed input to the bill</li> <li>• Engage with National Treasury with regards to SITA's sustainability</li> <li>• Improve SITA procurement efficiency to Departments</li> </ul>  |



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world

living

globe

nature

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Oxygen

76%

breath

AIR

technology

ECO

43%

GREEN

life

growth

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

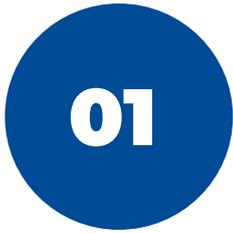
**“SMART IS NOT JUST A WORD; IT’S AN ATTITUDE.”**





*Part D*  
**Part D:**

TECHNICAL  
INDICATOR  
DESCRIPTION



## % INCREASE IN **CUSTOMER SATISFACTION**

|  |   |
|--|---|
| Indicator Title                                    | % increase in customer satisfaction   |
| Definition   | Level by which customer service delivery has improved   |
| Source of data                                     | a) Net promoter score; b) % Complaint escalations; c) Net renewal rate<br>d) Expansion rate and e) Number of positive social mentions |
| Method of calculation                              | % increase in customer satisfaction level against current CSI baseline  |
| Assumptions  | Customer improvement initiatives are implemented which adequately address service delivery issues                                     |
| Disaggregation of beneficiaries (where applicable) | Target for Women: n/a<br>Target for Youth: n/a<br>Target for People with Disabilities: n/a  |
| Spatial Transformation (where applicable)          | National and Provincial   |
| Desired performance                                | 60% customer satisfaction level   |
| Indicator responsibility                           | Executive: Service Management   |



## % CORE PUBLIC FACING **SERVICES AVAILABLE ON DIGITAL PLATFORMS**

|  |   |
|--|---|
| Indicator Title                                    | % core public facing services available on digital platforms  |
| Definition   | Extent to which core citizen-centric public services on digital platforms are accessed by citizens  |
| Source of data                                     | E-government services utilisation report by Government Depts.   |
| Method of calculation                              | Total number of service available on digital platforms at beginning of financial year vs. total number of service available on digital platforms at end of financial year |
| Assumptions  | More citizens are able to access online /mobile devices   |
| Disaggregation of beneficiaries (where applicable) | Target for Women: n/a<br>Target for Youth: n/a<br>Target for People with Disabilities: n/a  |
| Spatial Transformation (where applicable)          | National and Provincial   |
| Desired performance                                | 40% core public facing services available on digital platforms  |
| Indicator responsibility                           | Executive: Application Development and Maintenance  |

03

## MATURITY LEVEL OF THE DIGITAL INFRASTRUCTURE

|  |   |
|--|---|
| Indicator Title                                    | Maturity level of the digital infrastructure  |
| Definition   | Level of investment in ICT infrastructure that promotes integration of data and systems, digital platforms and improved bandwidth   |
| Source of data                                     | <ul style="list-style-type: none"> <li>ERP Reports</li> <li>Asset management reports</li> </ul>   |
| Method of calculation                              | <p>Inline with approved digital infrastructure model</p> <p>*If the number of IT systems integrated, # of digital platforms developed and % increase in bandwidth speed are achieved digital infrastructure maturity will be attained</p> |
| Assumptions  | Funds will be available to upgrade or build required digital infrastructure   |
| Disaggregation of beneficiaries (where applicable) | <p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>   |
| Spatial Transformation (where applicable)          | National and Provincial   |
| Desired performance                                | Attain maturity level 2 digital infrastructure as per the digital government maturity model   |
| Indicator responsibility                           | Executive: Application Development and Maintenance  |

04

## % DIGITALLY CAPABLE WORKFORCE

|  |  |
|--|--|
| Indicator Title                                    | % digitally capable workforce  |
| Definition   | The extent to which employees acquire and utilise technology advanced skills that will enable faster adoption of new technologies and promote innovation.                      |
| Source of data                                     | <p>Skills audit report</p> <p>HCM Reports</p>  |
| Method of calculation                              | # of employees who acquired digital skills / total workforce employees * 100   |
| Assumptions  | <ul style="list-style-type: none"> <li>Employees will undergo digital skills training</li> <li>Budget will be available to support new technologies and innovations</li> </ul> |
| Disaggregation of beneficiaries (where applicable) | <p>Target for Women: yes</p> <p>Target for Youth: yes</p> <p>Target for People with Disabilities: yes</p>  |
| Spatial Transformation (where applicable)          | National and Provincial  |
| Desired performance                                | 50% digitally capable workforce  |
| Indicator responsibility                           | Executive: Human Capital Management  |

05

## % INCREASE IN **PROFITABILITY**

|  |  |
|--|--|
| Indicator Title                                    | % increase in profitability  |
| Definition   | The degree or extent to which SITA has made a profit from return on assets (capital outlay), management of available resources and profit generated from sales   |
| Source of data                                     | Net Profitability Index  |
| Method of calculation                              | Profitability Index = Present Value of Future Cash Flows ÷ Initial Investment in the Project   |
| Assumptions  | Budget is available for CAPEX investments that will boost SITA income<br>Products and services are affordable, convenient and aligned with customers' needs.<br>Available resources will be managed prudently. Sales and debt collection efforts are improved. |
| Disaggregation of beneficiaries (where applicable) | Target for Women: n/a<br>Target for Youth: n/a<br>Target for People with Disabilities: n/a   |
| Spatial Transformation (where applicable)          | National and Provincial  |
| Desired performance                                | 3% increased in profitability  |
| Indicator responsibility                           | Chief Financial Officer  |

06

## % INCREASE IN NUMBER **OF BLACK SMME SUPPLIERS IN SITA**

|  |  |
|--|--|
| Indicator Title                                    | % increase in number of black SMME suppliers in SITA   |
| Definition   | Growth in number of black ICT SMME (EME & QSE) entities in the SITA supply chain to enable inclusive development across the economy  |
| Source of data                                     | <ul style="list-style-type: none"> <li>SCM SMME register</li> <li>Supplier database</li> <li>SMME training programmes (certification / attendance certificates)</li> </ul>   |
| Method of calculation                              | <ul style="list-style-type: none"> <li>Number of black SMMEs developed by SITA ( training / empowerment programmes)</li> <li>Increase in # of ICT SMMEs incorporated into SITA supply chain &amp; to whom RFQs &amp; tenders are awarded over a financial year.</li> </ul> |
| Assumptions  | SITA SCM processes (RFQs & tenders) and policy is optimally implemented as per elements that promote economic inclusion e.g. preferential procurement clauses.   |
| Disaggregation of beneficiaries (where applicable) | Target for Women: yes<br>Target for Youth: yes<br>Target for People with Disabilities: yes   |
| Spatial Transformation (where applicable)          | National and Provincial  |
| Desired performance                                | 50% of black SMME suppliers in SITA  |
| Indicator responsibility                           | Executive: Supply Chain Management   |

# ANNEX A: 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>DTPS</b>  | DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES         |
| <b>DBC</b>   | DEPARTMENT OF BASIC EDUCATION                                |
| <b>DHA</b>   | DEPARTMENT OF HOME AFFAIRS                                   |
| <b>DGPE</b>  | DIGITAL GOVERNMENT PLATFORM ECOSYSTEM                        |
| <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>ESD</b>   | ENTERPRISE SUPPLIER DEVELOPMENT                              |
| <b>GITOC</b> | GOVERNMENT INFORMATION TECHNOLOGY OFFICERS COUNCIL           |
| <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>G2X</b>   | GOVERNMENT TO A NUMBER OF OBJECTS                            |
| <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>NPC</b>   | NATIONAL PLANNING COMMISSION                                 |
| <b>NT</b>    | NATIONAL TREASURY  |
| <b>OEM</b>   | ORIGINAL EQUIPMENT MANUFACTURERS                             |
| <b>OEMS</b>  | ORIGINAL EQUIPMENT MANUFACTURER                              |
| <b>OHI</b>   | ORGANISATIONAL HEALTH INDEX                                  |
| <b>OSM</b>   | ORIGINAL SYSTEMS MANUFACTURERS                               |
| <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>SMART</b> | SPECIFIC MEASURABLE ACHIEVABLE REALISTIC TIME BOUND          |
| <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>VNF</b>   | VENDOR NEUTRAL FACILITY                                      |

*Abbreviations / Acronyms*

# NOTES





# NOTES







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