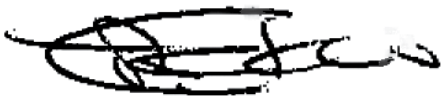
2020-2024 Strategic Plan

SITA

state information technology agency

Approval

It is hereby certified that this strategic plan was developed by the management of State Information Technology Agency SOC Ltd and takes into account all the relevant policies, legislation and other mandates for which the agency is responsible. It accurately reflects the strategic outcome-oriented goals and objectives which the agency will endeavour to achieve over the period 2020-2024.



28 February 2019

Chief Financial Officer (Acting) – **Mr A Pretorius** Date

28 February 2019

Chief Executive Officer – **Dr S Mohapi** Date

28 February 2019

Chairman: Board of Directors – **Mr Z Nomvete** Date

FOREWORD

BY THE CHAIRMAN

It's been more than 20 years since the Presidential Review Commission on the Reform and Transformation of the Public Service in South Africa, which heralded a blueprint for an effective and efficient public service which in turn sought to create a developmental responsive state that will be a catalyst for economic growth, social development, and human resources' transformation.

Among its key outcomes was the birth of the State Information Technology Agency (SITA); an earnest reminder of the vision and foresight the fore-parents of our democracy possessed. Through the creation of SITA the government envisaged a salient role that technology, particularly of Information and Communications type would play in governance, service delivery, and transformation of the nation in the new millennium which in turn would be headlined by development and sustainability goals.

Since its inception SITA has been legislatively positioned to improve service delivery, through the provision of ICT and related solutions at a cost-effective rate to government and within a secured environment so as to boost public trust. The 'manual' nature of government has been an encumbrance on service delivery, as well as planning and execution, ultimately retarding the value that is supposed to accrue to citizens.

The Agency is conscious that at the heart of its mandate it must drive the creation of a digital society (inclusive of a digitally transformed government) and a knowledge economy both seen as two significant government outcomes which impact positively on the advent of the fourth industrial revolution. Managing public service processes and accessing government services is made easier by a digitally transformed government for the convenience of the citizens which builds upon the social compact.

The assertion by government that the state of education in South Africa among others will benefit from the deployment of technology serves as justification for the existence of SITA, and brings into focus the role that technology should be playing in the improvement of public services, primordially looking at the critical sectors, which are: education, health, social development, and security clusters.

As a state Agency on Information and Communications Technology, SITA has reinvented itself in the last five years to assume leadership in driving the digital access by citizens. Using its' skill sets and competencies to bring technology and its use within easy reach by the state and the citizens, putting South Africans in the driving seat for content development that responds to their socio-economic challenges.

Through its socially responsive corporate initiatives, the Agency has single-mindedly targeted working with the government and its departments as a strategic partner to bring socio-economic relief programmes to deserving communities. The chief among which is the sponsoring of ICT targeted career opportunities as well as the roll-out of software engineering skills to the communities thus making them pioneers in the development of ICT solutions which in turn alleviate their socio-economic challenges. The Agency will continue in this trajectory in support of the ideals of the National Development Plan Vision 2030.

Using its dominance as the ICT procurement agent of government, SITA will contribute to economic transformation by forging partnerships with industry and sector players to steer the agenda of economic development, empowerment, and transformation. With goals such as the overhaul of racialised economic patterns of the past and instead the creation of future progressive classes of industrialists and other economic participants in support of digital inclusion, such partnerships will prove to be a definitive feature of a digital society.

Critical to the ongoing procurement reforms spearheaded by the Agency is the introduction of automated systems and other platforms to improve turnaround times, eliminate subjectivity, promote fairness and limit corrupt tendencies in the supply chain management environment, whilst simultaneously releasing more resources (i.e. time & money) for reinvestment in service delivery improvement.

An ethical business environment is a magnet for investment, and by implication growth and sustainability. No efforts will be spared going into the future to build, promote, and enforce an ethically compliant organization represented by all its stakeholders and employees, provided that they have its commercial interests at heart.

Infrastructure modernization throughout the value chain, from end-user devicing to networks and hosting, will be key to digitization. The roll-out of government broadband and the launch of the cloud technology are two key investments with immense benefits. The realisation of this vision is dependent on the implementation of the cloud first policy for government; this policy recognises that moving to cloud provides government with immediate cost savings, increased efficiency and long-term strategic benefits. By association with the sector players, SITA will continue to anticipate technological trends that will give government a competitive edge, and thus government will be harnessed as an active willing partner. To this end SITA will continue with strategic conversations and other engagements with the industry, using established and credible platforms to tap into collective wisdom while pushing the boundaries for innovation.

As the march to the fourth industrial revolution gathers momentum, SITA in response to the changing milieu has completed and unveiled the new business model that is inspired by elements of pro-activity and agility to anticipate government business challenges, design products, and services in order to quickly move in to deploy solutions – with enhanced positive service experience for the clients and the citizens. The successful implementation of the business model will create value for the Agency in terms of new business development, market growth and enterprise sustainability, and the long-term benefits will far outweigh the initial teething problems associated with implementation and embedding.

In essence the new business model recognizes that the different strata of government have different challenges and experiences, and in response the model caters for and allocates dedicated teams of cross functional experts to scope, address, and deal with the challenges of government before they boil over and become service delivery problems. As in business, government is becoming obligated to the dictates of speed, quality, and cost-effectiveness in its service delivery for citizen convenience. Heading into the future, a new selfless culture of public service is therefore a prerequisite. The implementation of this new strategy calls for a change in the funding models of government with the national government expected through the fiscus to lead towards the foundation for the fourth industrial revolution.

In response to the fast-changing macro environment, SITA will require to undergo an internal culture change while focusing on building core and relevant competencies to drive the State IT agency that it is as youthful, energetic, and agile as it is innovative. Training and development programmes will be focused on supporting the core business as well as add value to the shareholder by supporting government outcomes on skills development, decent employment, and effective citizenry that is ready to serve, with the youth of our country as beneficiaries.

It starts with the realization that SITA is a state-owned entity with employees that must exude public service activism of selfless serving and caring for the convenience of the citizens. Therefore, the values and ethical codes of conduct of SITA must be displayed at all times, and these should form part of our strategic conversations as an organization as we continuously assess our compliance to our own ethical standards. In our interaction with the internal and external environments every 'SITAzen' must be remembered for their professionalism, care, and consideration.

As the new strategy ushers us into the new era, I wish to thank my fellow Board members for their resilience and dedication in the spirit of Thuma Mina. Their support and team spirit is invaluable, often in the face of great difficulties. My deepest gratitude goes to the Minister and her Deputy by whose discretion we are allowed to serve. The Executive team at SITA under the leadership of the CEO has been consistently supportive and cooperative in the past and it is my sincere hope that they will take the same enthusiasm with them into the future. I thank them and the legions of employees who at any given time have found it necessary to share with me and the Board all the problems afflicting the Agency in a bid to find lasting solutions. It's only when we are united that we shall stand together.

Forever.

Mr ZD Nomvete
Chairman of the Board of Directors

OVERVIEW

BY THE CHIEF EXECUTIVE OFFICER

SITA is well positioned to be an enabler for the government's digital transformation journey.

SITA has made great strides in positioning itself to be ready to align with and start executing the proposed Government Digital Transformation Strategy (GDTS). This is in line with the goals of the 2015-2019 Medium-Term Strategic Framework (MTSF), which comes to an end in the 2018-2019 financial year. Keeping in line with the National Treasury's framework, SITA has developed a new five-year strategic plan for 2020-2024 and a 2019-2020 annual performance plan.

The journey that SITA will take for the next five years begins with modernisation, moving on to implementation, and ultimately leads to impact. The new strategic plan places greater emphasis on public policy outcomes being achieved. Citizens have a constitutional right to be able to communicate with their government efficiently and effectively, and the evolving world of information and communications technology (ICT) makes this possible.

Social consciousness is the driver for SITA's public service ethos and now that the vast majority of citizens have access to smartphones, we can better deliver on the constitutional right of access to information as well as to administrative action that is just, by designing smart business solutions and implementing enduring technologies that meet government outcomes.

Global competitiveness is intricately linked to a country's ICT capabilities. Research has shown that worldwide, developing countries are using digital technologies to transform and optimise government operations and services. The South African Government has adopted its digital transformation agenda in alignment with global best practice. This is, in turn, aligned with SITA's mandate to improve public service delivery, and promote the efficiency of government departments and public bodies through ICT.

The president has recognised that the outcomes of the National Development Plan (NDP) 2030 can be realised through digital technology, and that ICT is a key enabler of the NDP vision. It is imperative to create widespread access to affordable broadband connectivity in line with the SA Connect policy. As we move into the fourth industrial revolution, the country has no choice but to address this requirement that will facilitate socio-economic upliftment and skills development, and create opportunities for employment.

This then ties in with the original premise behind SITA's establishment, which is to be a key driver in the application of technology for step-change improvements in the social and economic conditions of South Africans through the public service.

Digital technologies transform the ways in which citizens are able to interact with the government and enhance government's ability to create public policies for the benefit of all South Africans. Digitisation creates platforms to deal effectively with constitutional rights issues, to grow the economy and to respond to citizens' needs. Government service delivery challenges can be directly addressed as part of the digital transformation agenda to improve access to services, address inefficiencies in internal processes, and enhance external effectiveness.

The 2020-2024 Strategic Plan positions SITA as an industry thought leader that is at the apex of new digital government ecosystems, creating a new type of industry – the GovTech industry. SITA will lead the delivery and operation of an integrated digital ecosystem and facilitate the acquisition of ICT skills for the government.

The Minister of Communications and Telecommunications, Ms Stella Ndabeni-Abrahams, has given SITA her full backing and support to drive the execution of the Government Digital Transformation Strategy (GDTS). Key to this is the modernisation of government infrastructure. SITA's recent launch of the government private cloud ecosystem (GPCE) is

a fundamental building block in the quest for digital government – enabling public services to be digitised, which translates into increased security, productivity and efficiency, as well as improved service delivery though inclusion, cost savings, and high availability (across devices and at any time).

Cloud computing is key to driving South Africa's journey through the fourth industrial revolution and enables the development of an array of apps and solutions, capabilities in artificial intelligence, machine learning, big data analytics, the internet of things and robotics – all with numerous benefits for public service, which will have a significantly positive impact on citizens.

Digitisation of government systems will drive procurement reforms and create effective communication platforms that can be utilised by the government to limit corruption. Digital transformation will increase public value and trust, lead to greater transparency, improve citizen participation, stimulate proactive service delivery, and enable economic development and growth. The end result will be a digital government that is more agile, responsive and resilient, offering enhanced public service.

SITA has developed a new business model and a new organisational structure. We are confident that GDTS can be successfully implemented. It is vital that we move with agility and speed in this endeavour, yet we will tread carefully, ensuring that we build a strong foundation and develop the correct skills for the benefit of our country's citizens. As an organisation we will continue to develop digital skills, a digital culture, and a culture of innovation with public service at its heart.

I would like to extend my sincerest appreciation to the executive authority, my executive committee colleagues and the SITA Board of Directors for their continued support. Finally, I would like to pay special tribute to the Ministry of Communications.

Dr SJ Mohapi
Chief Executive Officer (CEO)

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References

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(o) SITA service catalogue, ERP projects [Nov 2016]

(p) Draft public sector digitisation strategy

(q) Draft SA cloud first policy

PART A
STRATEGIC OVERVIEW

1. Vision

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

2. 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".

3. Values

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

(a) **Service excellence** – Strive to attain internationally recognised standards of service quality, and maintain continuous improvement in service delivery.

(b) **Transparency** – Always ensure transparency in everything we do in order to build trust and confidence with all our stakeholders.

(c) **Integrity** – Conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability among all our employees.

(d) **Fairness** – Treat all our partners, suppliers, and employees (all stakeholders) fairly at all times.

(e) **Prudence** – Exercise prudence and economy in running the business of SITA, and in pursuance of its goals and objectives of government.

(f) **Innovation** – Pursue innovation by demonstrating thought leadership and proactive behaviour on the use of Information and Communication Technology to enhance public service delivery.

4. Legislative and other mandates

4.1 Introduction

SITA was established in terms of the SITA Act, 1998 (Act 88 of 1998), as amended, and its mandate is informed by, among others, the recommendations of the Presidential Review Commission of 1998. In executing its role, SITA is also guided by all public services legislation and regulations, including but not limited to:

(a) SITA Regulations of 2005;

(b) Public Finance Management Act, 1999 (Act 1 of 1999);

(c) Companies Act, 2008 (Act 71 of 2008);

(d) Public Service Act, 1994 (Act 103 of 1994), as amended by the Public Service Amendment Act, 2007 (Act 30 of 2007);

(e) Electronic Communication and Transactions Act, 2002 (Act 21 of 2002);

(f) National Key Points Act, 1980 (Act 102 of 1980), as amended by the National Key Points Amendment Act, 1985 (Act 47 of 1985);

(g) Government IT House of Values, as contained in the e-Government Policy;

(h) The Machinery of Government (May 2003);

(i) Minimum Interoperability Standards (MIOS);

(j) Minimum Information Security Standards (MISS);

(k) Preferential Public Procurement Framework Act (PPPFA);

(l) National Treasury Regulations ;

(m) National e-Government Strategy and

(n) National Integrated ICT Policy White Paper.

4.2 Constitutional mandates

4.2.1 Chapter 1 of the Constitution: 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 our democratic state alongside equality and freedom. Section 1(a) of the Constitution states that "Human dignity, the achievement of equality and the advancement of human rights and freedoms"

4.2.2 Chapter 2 of the Constitution: the Bill of Rights

The Bill protects the rights of all people in South Africa, not only citizens. The state must respect, promote, and fulfil the rights in the Bill. These rights can be limited in certain circumstances. The Bill of Rights says many things, including:

(a) everyone is equal before the law and has the right to equal protection of the law;

(b) affirmative action measures may be taken to achieve greater equality in society;

(c) no unfair discrimination is allowed against anyone for reasons which include race, sex, language, ethnic or social origin, religion, sexual orientation or pregnancy;

(d) everyone has the right to freedom of movement and may not be deprived of it unless there is a good reason;

(e) everyone has the right to freedom of religion, belief, opinion and expression;

(f) every adult citizen has the right to form a political party and to participate in its activities and to vote in regular elections;

(g) everyone has the right of access to information and to administrative action that is just and

(h) everyone has the right to an environment that is not harmful to their health or well-being.

According to the Constitution of the Republic of South Africa of 1996, SITA, as a public enterprise, is subject to the constitutional mandates below, as outlined in chapter 10.

4.2.3 Section 195: Basic values and principles governing public administration as relevant to public enterprises

Public administration must be 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.

4.2.4 Section 217: Procurement

(a) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system that 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.

4.3 SITA Act 88 of 1998, as amended by Act 38 of 2002

SITA is listed as a schedule 3A national public entity in terms of the Public Finance Management Act (PFMA). Government is the sole shareholder of SITA, and the Minister of Telecommunications and Postal Services exercises the custodian rights attached to the shareholder on behalf of the state.

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.

The underlying operational principle of SITA is to be a self-funded and financially sustainable public entity. The SITA Act, however, makes provision for negotiation on this underlying principle, for the achievement of the overarching government goals.

The figure below provides a list of SITA's mandatory and non-mandatory services, as defined by the SITA Act.

SITA MUST		SITA MAY	
	Private Telecoms Network Act, Sec 7 (1)(b)(i)		**Department ICT Training** Act, Sec 7 (1)(b)(i)
	Transversal Systems Act, Sec (1)(b)(ii)		**Department System Development** Act, Sec (1)(b)(ii)
	Transversal Data Processing Act, Sec 7 (1)(b)(iii)		**Department ICT Maintenance** Act, Sec 7 (1)(b)(iii)
	Information System Security Act, Sec 6 (a)		**Department Data Processing** Act, Sec 7 (1)(b)(iv)
	Disaster Recovery plan Regulation, Sec 4.1.2		**Advisory Services** Act, Sec 7 (1)(b)(v)
	Procurement Act, Sec 7 (3)		**ICT Management Services** Act, Sec 7 (1)(b)(vi)
	Standards (Interoperability & Security) Act, Sec 7 (6)(a),(i),(ii)		**Provide Authentication products** Act, Sec 7 (6)(c)
	Certify against Standards Act, Sec 7 (6)(b)		**Do ICT Research** Act, Sec 7 (6)(d)
	IS Convergence Strategy Regulation, Sec 4.1.1 (a)		
	Information System Inventory Regulation, Sec 4.6		
	Research Plan Regulation, Sec 4.1.1		

Figure 1 – SITA mandatory and non-mandatory services

4.4 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.

4.5 Planned policy initiatives

During the MTSF there will be a need to review the SITA Act in accordance with the state-owned entity (SOE) rationalisation project.

5. Situational analysis

5.1 Performance delivery environment

Information Communication Technology (ICT) still remains the strategic enabler of public policy outcomes and the statutory obligations for the provision of public service to the citizens. The Bill of Rights is a cornerstone of democracy in South Africa. It enshrines the rights of all people in the country and affirms the democratic values of human dignity, equality and freedom. Furthermore, Section 195 of the constitutions specifies basic values and principles governing public administration. The SITA digital transformation strategy is founded on the principle that citizens have the right to have their dignity respected and protected and must receive efficient public service delivery supported by efficient ICT.

The strategy seeks to enable the attainment of the public policy outcomes, government priorities and other relevant policies. The outcomes of the NDP 2030 were established with the values and principles as enshrined in the constitution. The NDP encapsulates the vision to:

(a) eliminate poverty,

(b) reduce inequality and unemployment,

(c) propose specific policy actions and

(d) set targets and identify mechanisms for effective implementation.

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

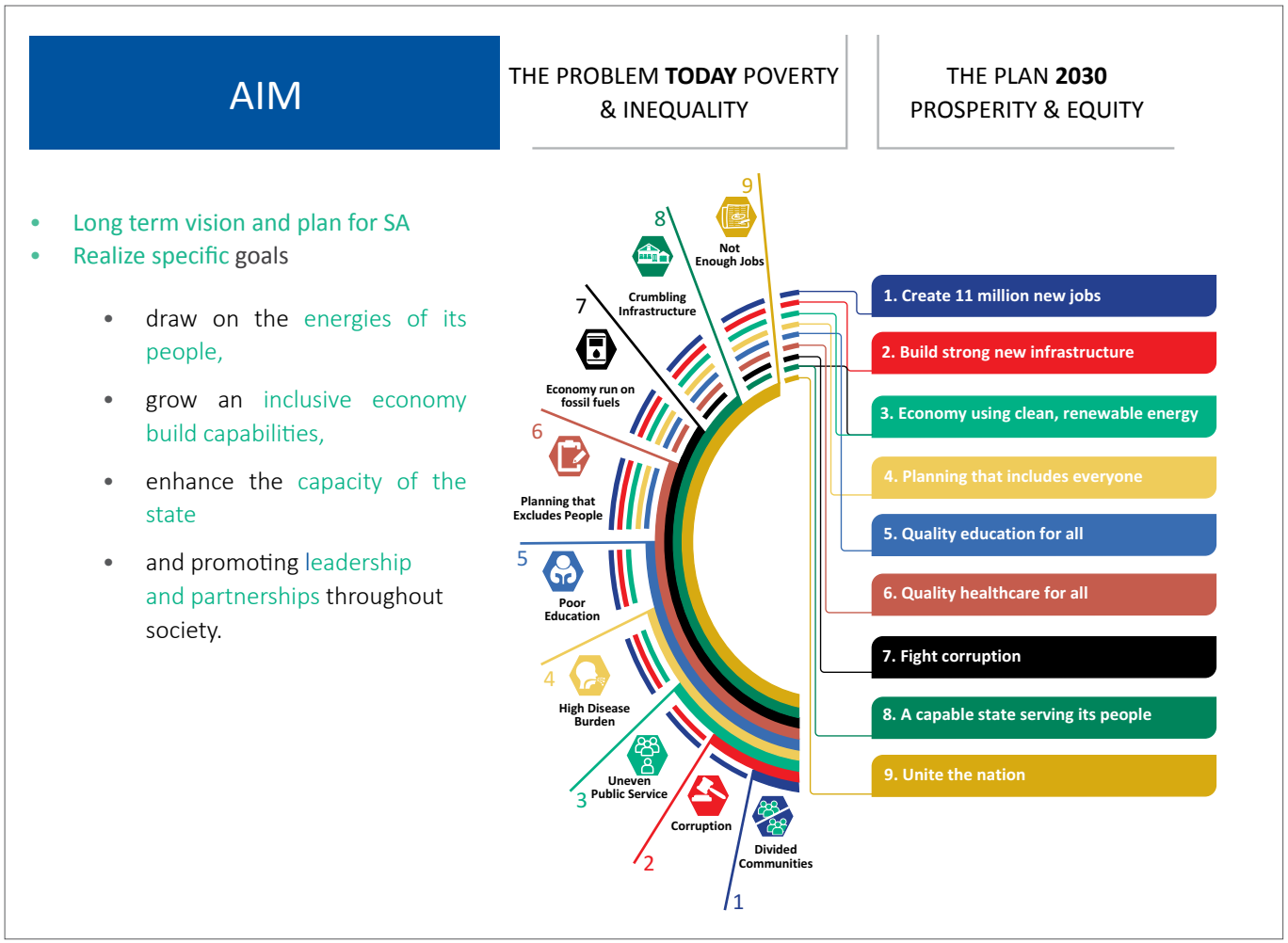


Figure 2 – NDP vision 2030

Furthermore, the strategy is in alignment to strategies which governments around the world are adopting to transform how they provide public services in such 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. One case in point is the Kenya government's digital uptake to encourage socioeconomic growth and development through the innovation and promotion of information and communication technology. 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. Furthermore, through a partnership, their Postal Corporation enables online shoppers to collect items they purchase from their preferred post office.

With regards to the South African context, ICT trends such as the UN eGovernment 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 5.1.1 below for more details). The country has adopted the national eGovernment strategy which aims to digitise government services while transforming SA into an inclusive digital society where all citizens can benefit from the opportunities offered by digital and mobile technologies to improve their quality of life. In support of the national eGovernment strategy, SITA has been a driving force behind the continued digitisation of public sector and has developed the eGovernment strategy.

SITA has, therefore, launched a focused initiative to address South Africa's developmental challenges through technology that will:

(a) Support achievement of NDP initiatives through ICT;

(b) Re-use SITA resources to deliver services;

(c) Make SITA a National Centre of ICT excellence;

(d) Promote a national culture of digital innovation and

(e) Collaborate with state institutions to achieve joint outcomes.

SITA has implemented the e-Government Portal that serves as a single point of entry to government's electronic services and over 10 000 people are registered on the portal. To date, SITA has implemented more than 100 eServices in the respective value chains of government enterprise productivity and government business solutions, demonstrating clear socioeconomic value to the citizens; the following are the some of the eServices implemented:

(a) e-Registration for Senior Certificate(amended) e-Service for the Department of Basic Education;

(b) Early Childhood Development (ECD) for the Gauteng Provincial Government and the Department of Social Development;

(c) eMatric (a first eService for the DBE) and various ePermits which were largely consumed by provincial departments that focus on the environment and

(d) e-Permits e-Service that serves as a baseline for e-Permit solutions that will be rolled out for various departments.

Although SITA has made some strides to improve service delivery to the public through the provision of information technology, there are still challenges in the delivery of public services which 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.

5.1.1 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 Tunesia) in the Executive Opinion Survey sample.

The United Nations (UN) e-Government Survey 2018 measures how digital technologies and innovations are impacting the public sector and transforming people's everyday lives. According to the 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.

The United Nations (UN) e-Government Survey 2018 measures how digital technologies and innovations are impacting the public sector and transforming people's everyday lives. According to the 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.

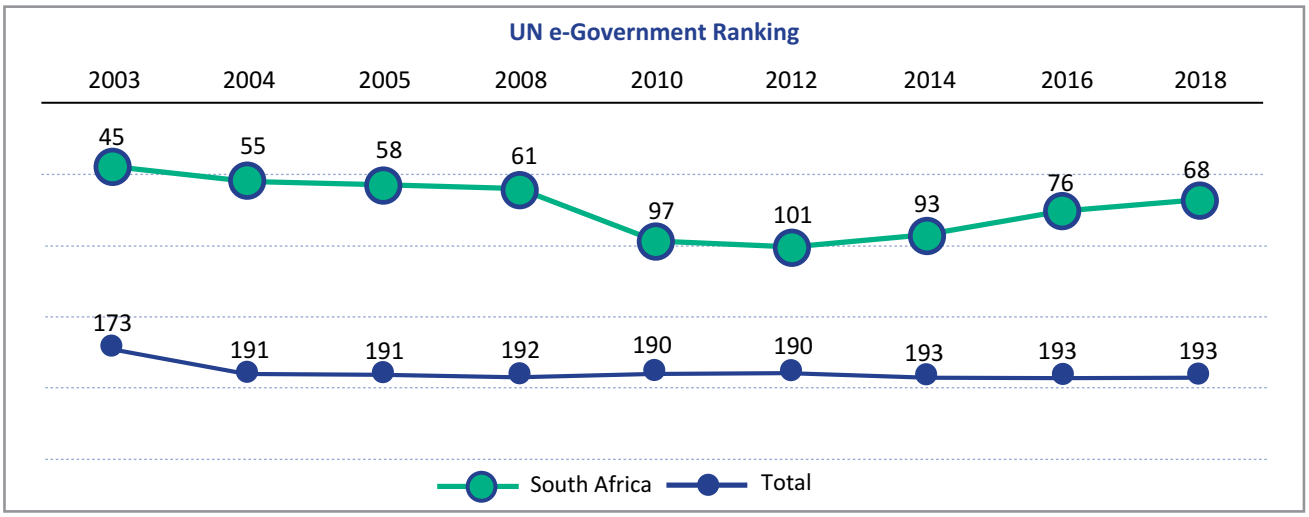


Figure 3 – E-government ranking

5.1.2 Government ICT expenditure

Government ICT expenditure is growing when compared to other financial years. In 2015-2016, the total expenditure was R19.25 billion with a 3% growth in 2016-2017 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.

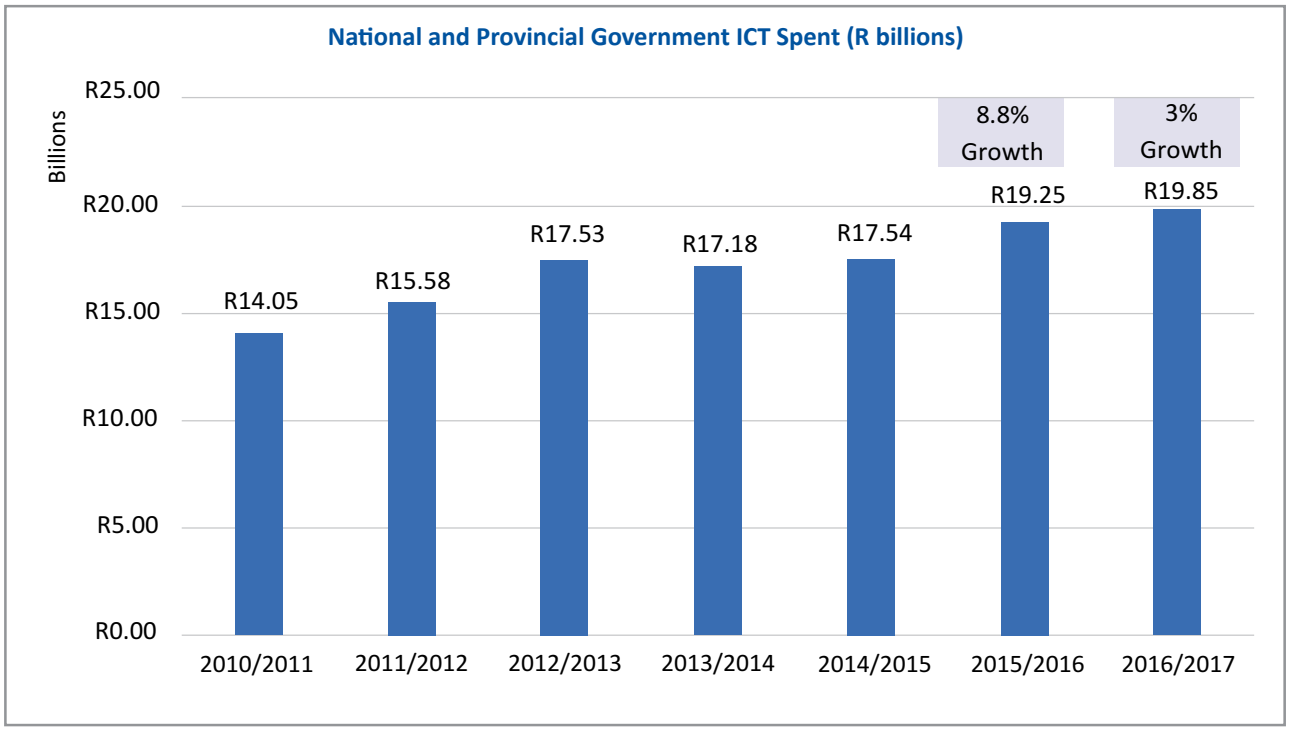


Figure 4 – Government ICT expenditure

5.1.3 Digital transformation trends

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

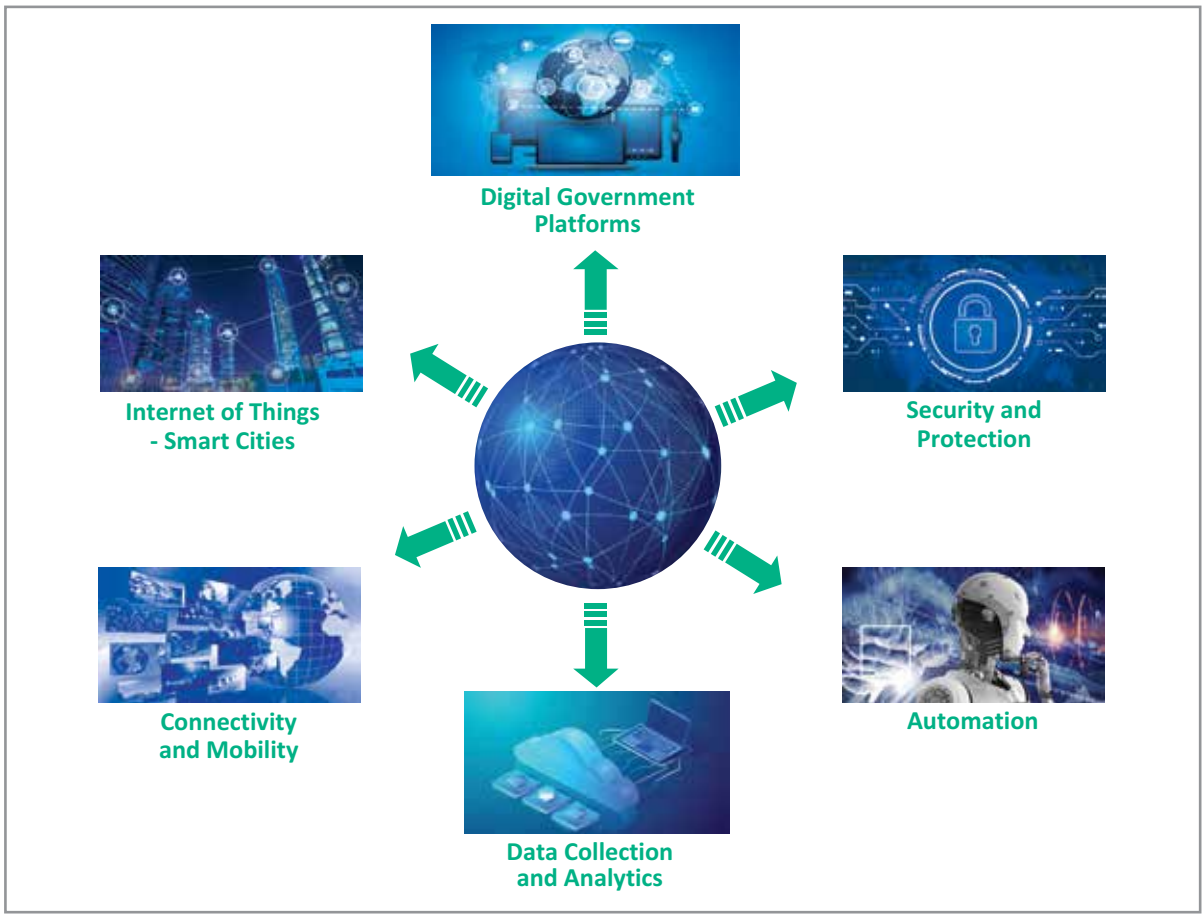


Figure 5 – Digital transformation trends

5.1.3.1 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.

5.1.3.2 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.

5.1.3.3 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.

5.1.3.4 Security and protection

Cyber-security is crucial as citizens transform to become virtually present and more sensitive information goes online. Cybercrime is on the rise and there is a need to be both detective and preventative across the ICT value chain, involving applications, data centres, and network connectivity. There is a need for an integrated security monitoring/defence technology approach, as well as a new breed of human resource skills in the ICT and public security sectors. Current government cyber-security policies, strategies and plans are lacking.

5.1.3.5 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.

5.1.3.6 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 manifest 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.

5.1.4 Digital transformation for the South African Government

5.1.4.1 Overview

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 imperatives for governments to transform public service design and delivery provide a compelling context for greater use of digital technologies. Overall, governments are increasingly required to have greater capacity to understand and respond to complex and frequently competing needs, and to provide services that are both tailored to individuals' needs and aligned with national priorities.

Smart citizenry, smart economies, smart communities, smart cities, and smart start-ups are fundamental for the transformation of the SA Government. Achieving that transformation is going to draw heavily on the use of digital technologies in order to optimise the benefits for all citizens, thus empowering government to achieve more, and thereby stimulate economic activity in order to create a vibrant economic eco-system that encourages entrepreneurship, SMME development, and attract local and foreign investment. The government digital transformation strategies must create programmes that:

(a) establish more effective coordination within government,

(b) improve digital technology efficiencies,

(c) drive better alignment of technology opportunities and public demands, and

(d) establish stronger ties between a digital government and the broader reforms agenda.

In order to mature to a better performing, more agile, resilient and responsive government, executing the abovementioned digital strategy programmes should produce the following desired outcomes:

(a) increased public value;

(b) increased public trust;

(c) improved citizen participation;

(d) economic development and growth;

(e) more openness;

(f) personalised service delivery;

(g) improved dialogue with citizens and business; and

(h) proactive service delivery.

5.1.4.2 Governance structure

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 eco-system of government in a focused manner through empowered teams.

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

(a) securing leadership and political commitment to drive the strategy through multiple efforts aimed at promoting inter-ministerial coordination and collaboration, engagement and coordination across levels of government;

(b) maintaining coherence in the use of digital technologies that are integrated across policy areas and levels of government;

(c) establishing strong organisational and governance frameworks to coordinate implementation of the digital strategy, with appropriate checks and balances; and

(d) strengthening international cooperation to better serve citizens and businesses across borders, and maximise the benefits that can emerge from international digital strategies.

Considering the principles above, the proposed governance structure below will ensure effective and efficient implementation of the GDTS.

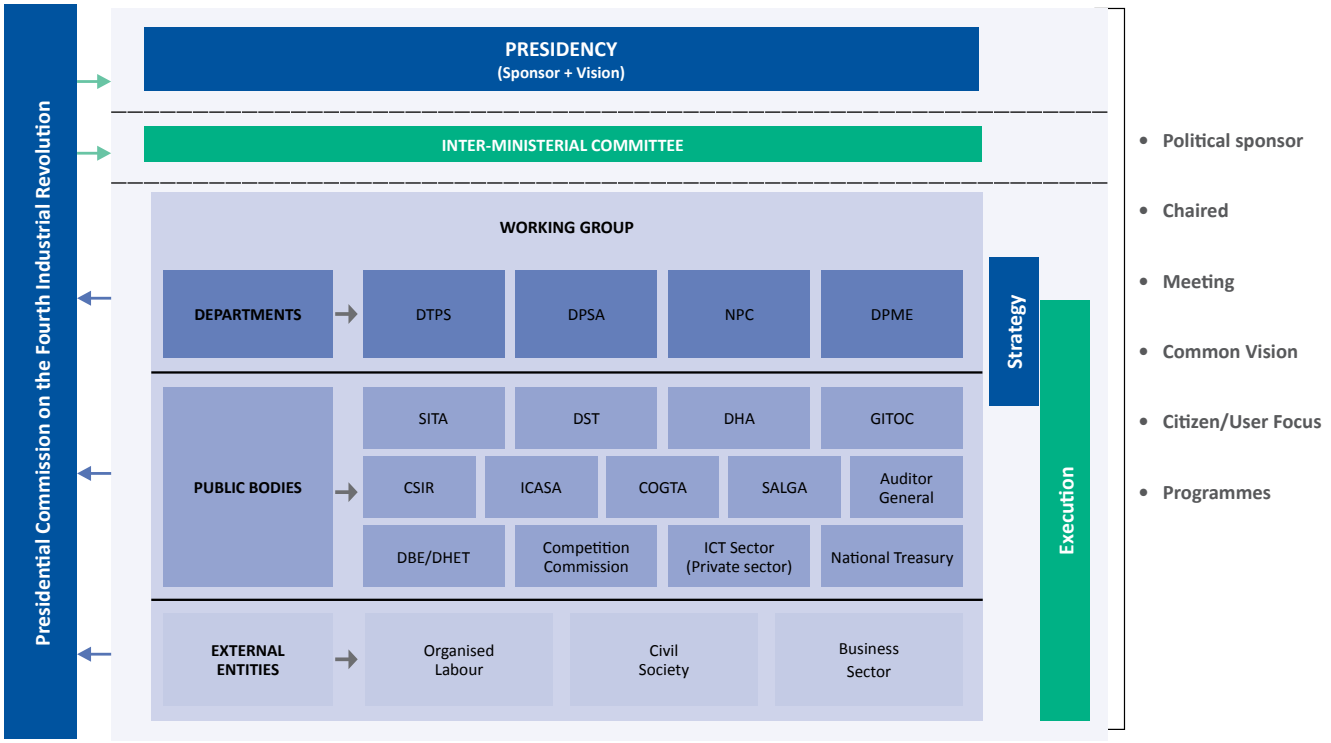


Figure 6 – Digital transformation governance model

The governance model requires participation by various stakeholders as depicted above. This is in alignment to the Presidential Commission on the Fourth Industrial Revolution which 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.

The strategy positions SITA as the key driver for the execution of the digital transformation in government and will under the guidance of the Commission coordinate the delivery and operation of the digital ecosystem.

5.1.4.3 Strategy execution

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

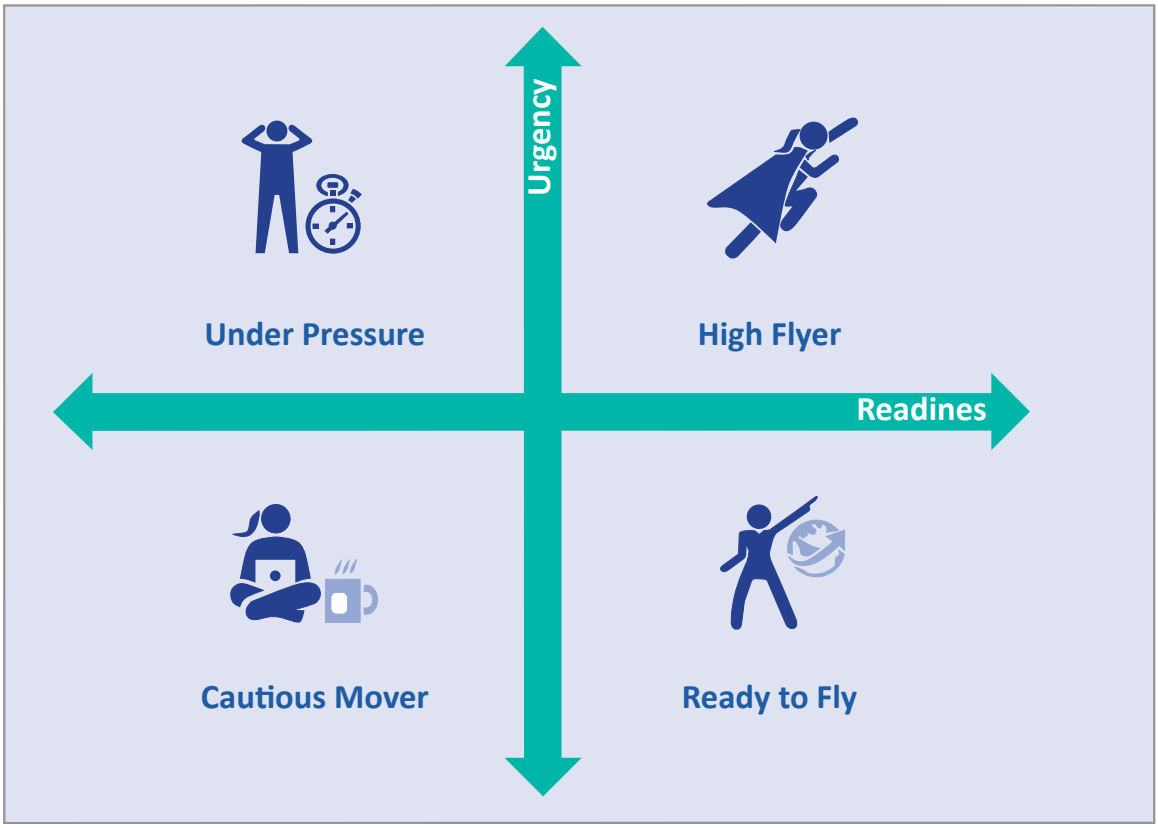


Figure 7 – Urgency and readiness for digital transformation

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

(a) **High flyer:** There is a high urgency to transform with a high degree of readiness for digital transformation (quadrant 1, upper right).

(b) **Under pressure:** There is high urgency to transform, but with a low degree of readiness (quadrant 2, upper left).

(c) **Cautious mover:** There is a perception of low or manageable urgency and with a low degree of readiness (quadrant 3, lower left).

(d) **Ready to fly:** There is a perception of low or manageable urgency but with a high degree of readiness (quadrant 4, lower right).

Given the situational analysis as articulated above and based on the interim results of the government readiness assessment conducted in October 2018, 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 through digital services.

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

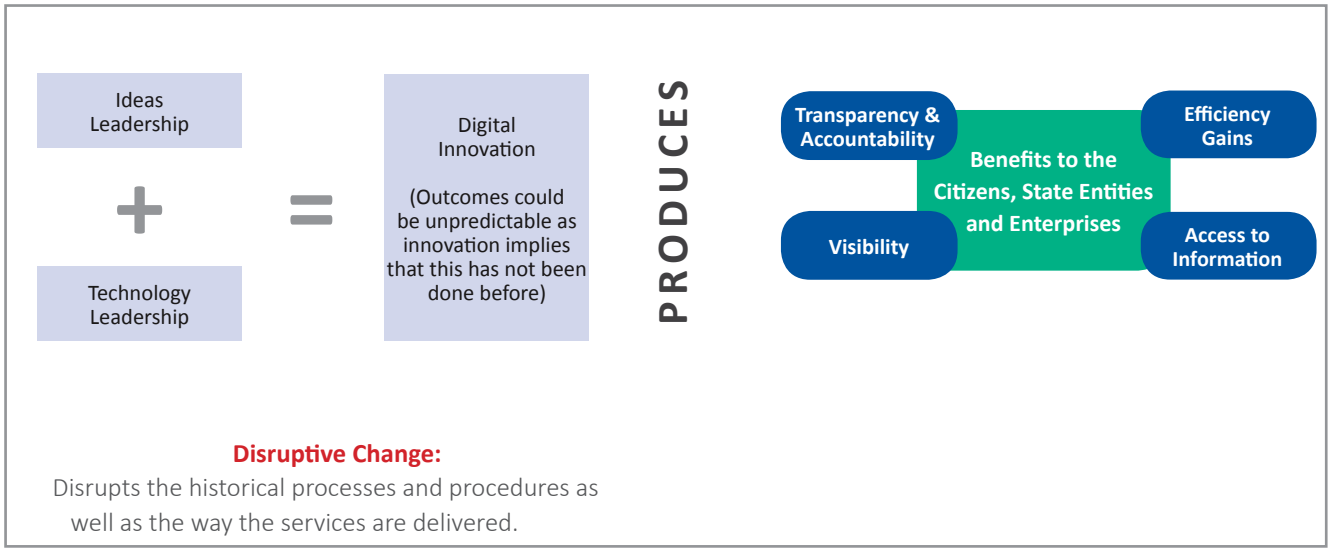


Figure 8 – Digital innovation creating enhanced benefits

5.1.5 SITA as an enabler in the digital transformation journey

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 which seeks to enable government to achieve its public policy outcomes and 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, as data is the constant moving part and the fuel of digital transformation, aimed at building digital services that create value in various contexts in the economy, including providing better insights for leadership decision-making and citizen empowerment. This is depicted in the figure below.

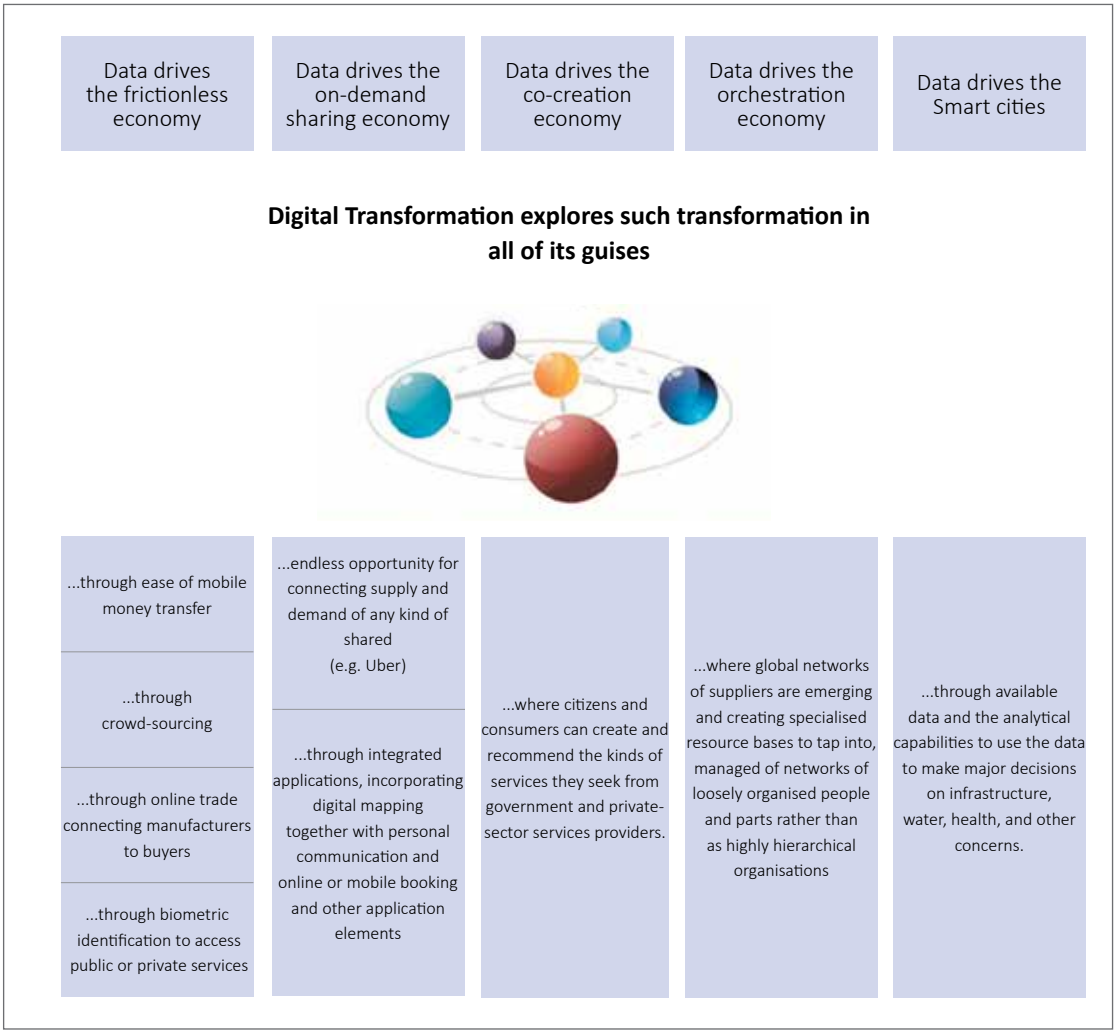


Figure 9 – Exploring digital transformation in a data-driven economy

Cloud computing is the foundational enabler of digital transformation projects and offers the scale and speed that is needed for businesses to focus on transformation, Governments around the world which have driven digital transformation initiatives have invested significantly in developing a cloud strategy and roadmap to establish a basis for enabling key transformation programmes. The DPSA is leading the development of the cloud first policy for the SA government, this policy seeks to minimise government ownership of technical infrastructure and move toward a consumption-based model. Central to this new direction is the adoption of cloud services that enable government to be more flexible, scalable and deliver better services to more people.

SITA is leading the provision of cloud services to government and has partnered with government and private sector to migrate service delivery services to cloud and replace traditional business models to create new ways of meeting citizen's needs in a digital world. Furthermore, SITA has launched the Government Private Cloud Ecosystem (GPCE) this capability provides for flexible, effective and cost-efficient rendering of government services.

The other critical element in ensuring the successful implementation of digital transformation projects is the workforce. Digital skills development must go beyond mere technical skillsets, government must look at new sources of talent and build a workplace to offer experience in line with the aspirations of the millennials. There is a need to empower employees by creating a work environment where employees have a sense of purpose, are able to harness integrity, forming multi-generational teams that allow for expertise without boundaries.

A final ensuing outcome is a direct contribution to green IT objectives. Through the deployment of digital technologies that are energy-aware, a significant cost reduction can be brought about for the efficient use of power within the various computing facilities. The strategic streams for successful digital transformation are depicted below.

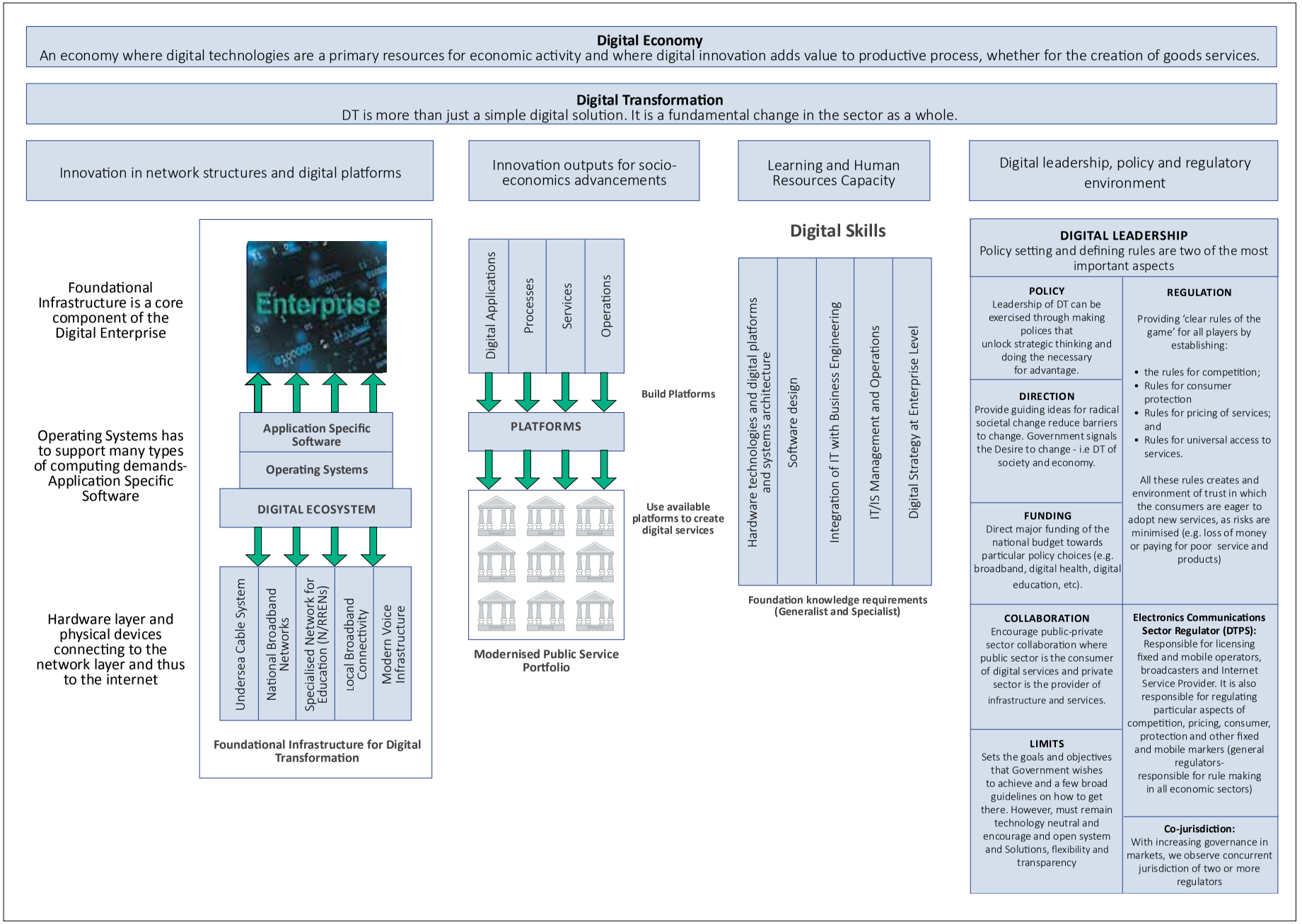


Figure 10 – Strategic streams for successful digital transformation

5.2 Organisational environment

The creation of a digital-enabled environment requires a sound business model. SITA has transformed its business model and implemented an organisational structure to provide a clear overall value proposition to various stakeholders.

The macro structure ensures that there is a balanced workload across national and provincials 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.

To ensure customer requests are met and to enable proactive consulting – both at a strategic and tactical level – with the aim of providing thought leadership and deliver value to the customers, resource allocation at a micro level of the organisational structure is aligned to the clusters of government.

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

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

The structure provides a split between core IT services (as these are different areas of specialty focusing on delivering the e-government vision and cloud computing), while the other focuses on delivering the SA Connect vision as well as 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.

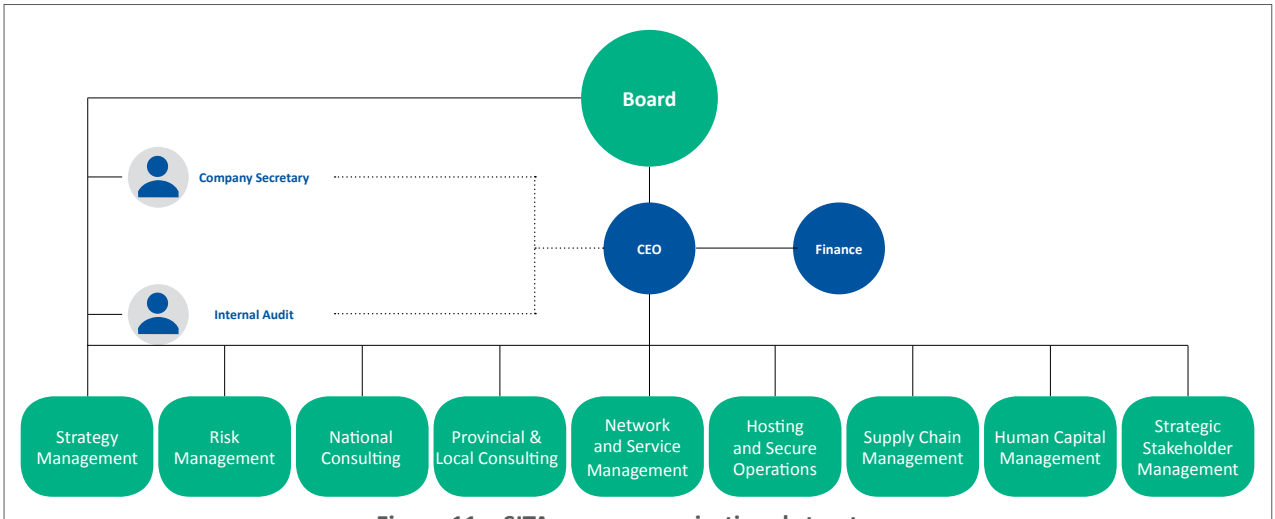


Figure 11 – SITA macro organisational structure

PART B
STRATEGIC GOALS AND PROJECTS

6. Strategic outcome-orientated goals

6.1 Introduction

As the use of digital technologies by governments matures around the world and shifts from e-Government to digital government, it creates opportunities to open and modernise the public sector. This shift will require that the regulatory framework be strengthened in order to emphasise the crucial contribution of technology as a strategic driver in creating an open, innovative, participative, and trustworthy public sector. The public interacts with all three spheres of government (i.e. national, provincial and local) and, to this end, regulatory changes should ideally allow for a "whole-of-government" approach addressing the cross-cutting role of technology in the design and implementation of public policies and delivery outcomes.

The achievement of the digital transformation vision is dependent on the ability of SITA's strategic goals to respond to the outcomes of the digital transformation strategy, as depicted in the figure below.

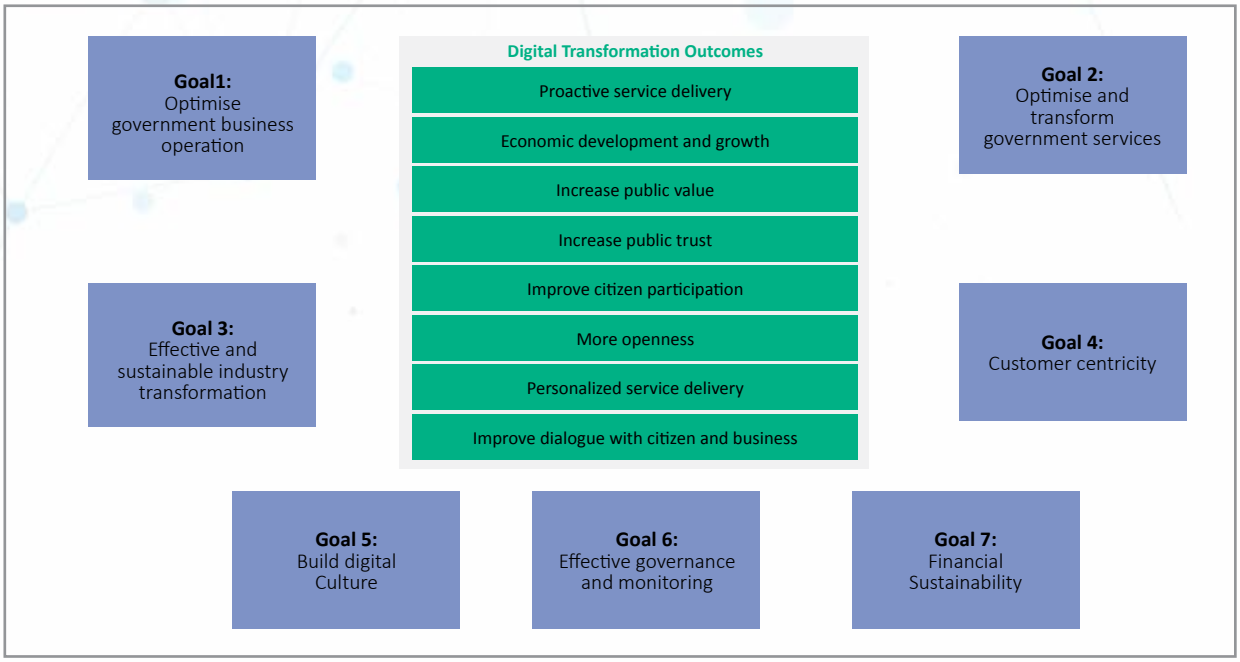


Figure 12: Strategic outcomes and goals

The strategic goals also seek to achieve the shareholders' strategic priorities, which are aligned to the framework for the repurposing and repositioning of SITA to provide services to government in a reliable, efficient and cost-effective manner. This is done within the ambit of the SOE rationalisation project, which seeks to achieve consolidation of ICT resources. The strategic priorities are as follows:

(a) **Research and development:** Providing an enabling environment for the modern-day knowledge economy;

(b) **Innovation:** Improve the country's innovative capabilities;

(c) **Localisation:** Research, development, and innovation are critical enablers for localisation;

(d) **Cyber-security:** Inherent to the growth of connected devices is the risk of cyber-security threats, which needs to be enhanced across the government and the country at large;

(e) **e-Government:** Implementation of e-Government by SITA should ensure a common platform across government departments to facilitate effective delivery of government services; and

(f) **IT service management:** Continue with the delivery of IT services in order to ensure effective functioning of IT across government.

Keeping in line with the shareholder priorities and the proliferation of technologies as a result of converging information and communications technologies (ICT), SITA will be focusing on strategic projects which are aimed at digitally optimising and transforming government as ICT networks are integrating. These projects are linked to the strategic goals which respond to the digital transformation outcomes which enable citizen interaction, communication, and information sharing.

6.2 Goal 1: Optimise government business operations

Innovation and optimisation are the cornerstones of digital transformation. The goal is to improve the existing business models, services, operations, and processes of government by the provision of innovative solutions, technologies, tools, and governance. The following strategic projects will be implemented to enable the achievement of this goal:

(a) implementation of cloud solutions and modernisation of the hosting capability;

(b) implementation of broadband and modernisation of networks;

(c) modernisation of applications; and

(d) improvement of cyber-security capability.

6.2.1 Implementation of cloud solutions and the modernisation of the hosting capability

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.

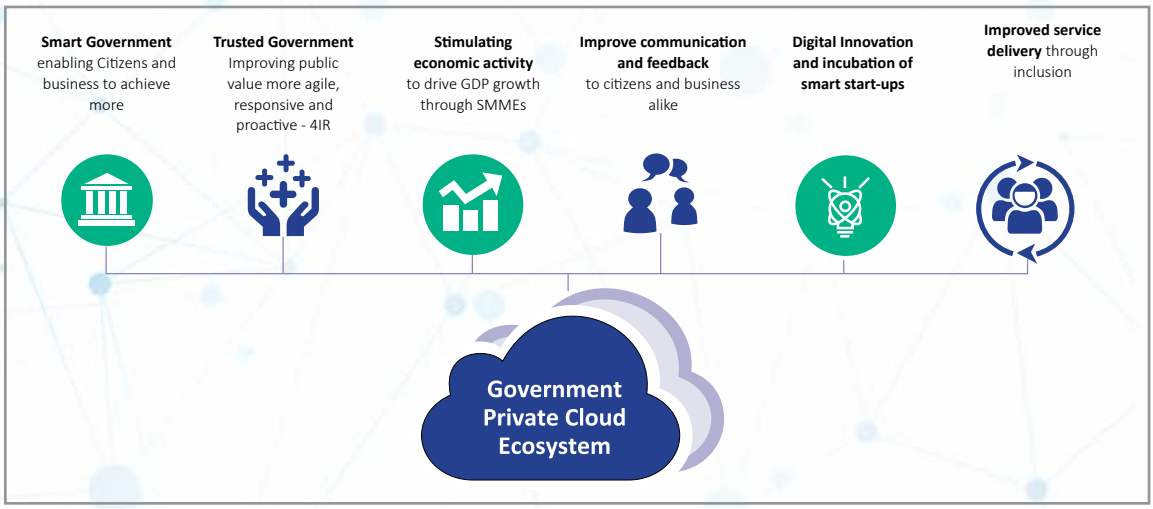


Figure 13 – GPCE: an enabler for digital transformation

(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.

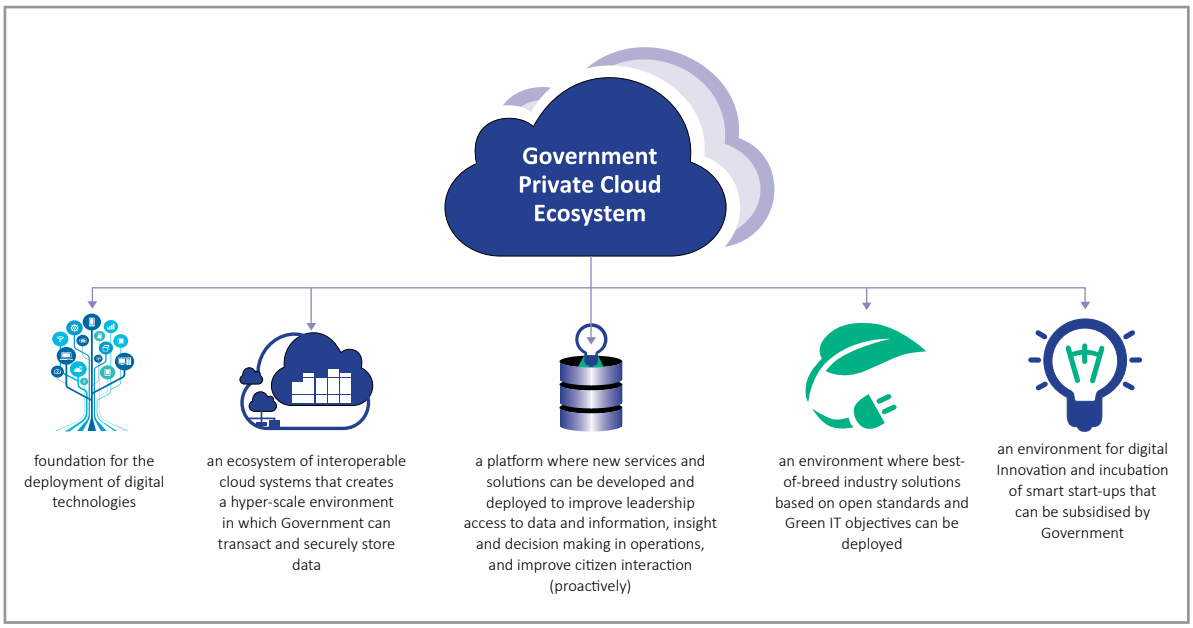


Figure 14 – GPCE Implementation

(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.

6.2.2 Implementation of broadband and modernisation of networks

Broadband connectivity is critical towards government digital transformation. The implementation of the SA Connect policy is critical to ensure accessibility of government services, and to allow participation by citizens into a digital economy, characterised by digital technologies and digital innovation. SITA, in collaboration with other stakeholders, will accelerate the implementation of SA Connect. The figure below depicts the broadband value chain.

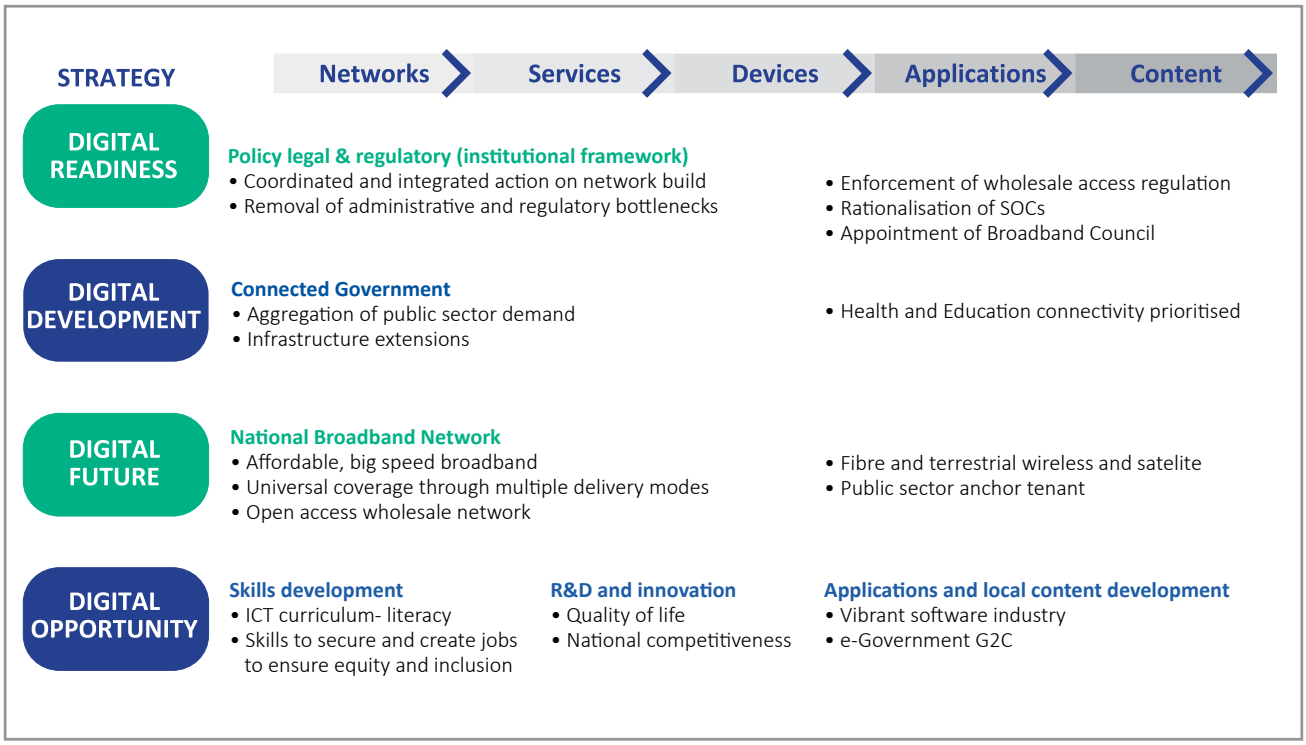


Figure 15 – Broadband connectivity value chain

SITA will not only implement network or broadband services in line with the SA Connect Strategy, but will also modernise its existing network that currently provides services to more than 6000 government sites, most of which are outside the SA Connect Programme.

The network modernisation will aim to rebuild the entire SITA infrastructure using new technology and infrastructure models including and not limited to Software Defined Networks (SDN), Fibre, and Irrevocable Rim of Use (IRUs), as well as Private and Public Peering for Internet Services. The result will be a significant reduction in cost of providing services; improvement in the ability to use the existing budget to provide greater value; increased bandwidth and flexibility improving business operations - Pay as You Use; improved resilience which will provide much higher levels of availability, and overall improvement in technical quality of service thereby government business operations.

The network modernisation programme introduces a foundation element in the digital transformation of the state.

6.2.3 Modernisation of 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 re-engineered for the new cloud platform. The figure below shows the challenges experienced with the current portfolio of applications in production.

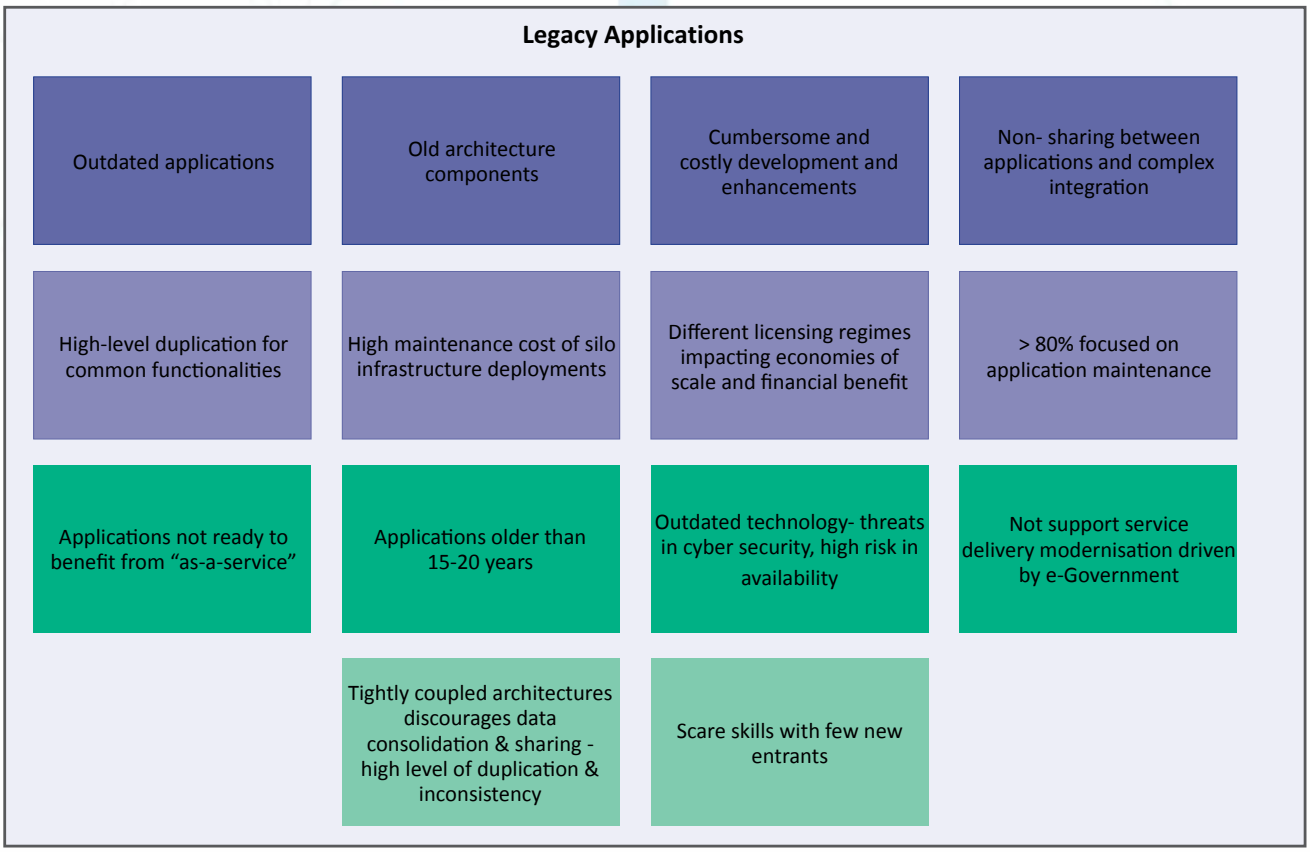


Figure 16 – Portfolio of applications in production

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.

6.2.4 Improvement of cyber-security capability

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. One of the security solutions to protect the information infrastructures is through the implementation of a perimeter and application firewall. A firewall is the first line of defence in protecting a technology network environment. A firewall solution is hardware and software to inspect the information packets entering and leaving the network. Firewall authorises who is allowed to access the network premises. 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 must ensure accurate and controlled protection.

SITA aims to strengthen its information security capability to ensure that it becomes the go-to provider of end-to-end services for the most secure IT environments and enable it to be in a position to successfully counter cybersecurity attacks. The most visible and critical line of defence against cyber threats is the establishment and operation of a Security Operational Centre (SOC). A SOC is a centralised business unit that deals with information security on an enterprise level. The organisation's sensitive information and other critical infrastructure such as websites, databases, servers, networks and business applications are monitored, assessed and defended by the SOC on a 24/7/365 basis and from a holistic, organisation-wide perspective.

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

(a) rendering a 24/7/365 monitoring, detection, reaction and defensive service,

(b) protecting government information assets and services through application of the latest security technology,

(c) proactive early detection of security incidents, events and breaches through effective monitoring,

(d) prevention of any cyber-attack, as well as resolution and mitigation of security incidents and events,

(e) ensuring that there is a single view across the information security spectrum,

(f) monitoring compliance, detecting insider abuse of the financial systems, incident response, forensic analysis, and vulnerability assessments,

(g) acting as a communication hub for security personnel and stakeholders,

(h) creating risk-based prioritisation of security tools and processes to ensure value for money, and

(i) following a centralised approach to information security.

The SOC therefore protects against the following:

(a) financial loss as a result of lost revenue or costly remediation services;

(b) reputational loss due to unavailability of services or, worse, the loss of confidential information;

(c) civil and criminal action against SITA or government entities should personal information be lost (POPI Act compliance);

(d) theft of state information and

(e) fraud committed through online means; and sabotage through denial of services.

6.3 Goal 2: Optimise and transform government services

The goal is to collaborate with multiple stakeholders in various business sectors and society in order to create new business models, services, and processes of how government should operate and make it work better for everyone. E-government and multi-stakeholder collaboration will be a strategic project aimed at achieving this goal.

6.3.1 E-government and innovation through multi-stakeholder collaborations

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. 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, making them publishable, exposable and re-usable digital objects and services.

Achieving this transformation requires a collaborative approach to data-driven innovation. Various sectors of the SA economy (banks, telecomms, entertainment, public service, academia, research institutes, civil society, etc.) generate and house amounts of digital resources, which can be in a form of infrastructure, software and data. This call for a move away from fragmented efforts to collaborations, sharing and re-using digital resources exploits the "as-a-service" principle – infrastructure-as-a-service" (Iaas), "software-as-a-service" (SaaS), "data-as-a-service" (Daas) – 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.

This is achieved by publishing the services via a public registry to make them consumable across different organisations. The service discovery is achieved through using a standard called universal, description, discovery and Integration (UDDI).

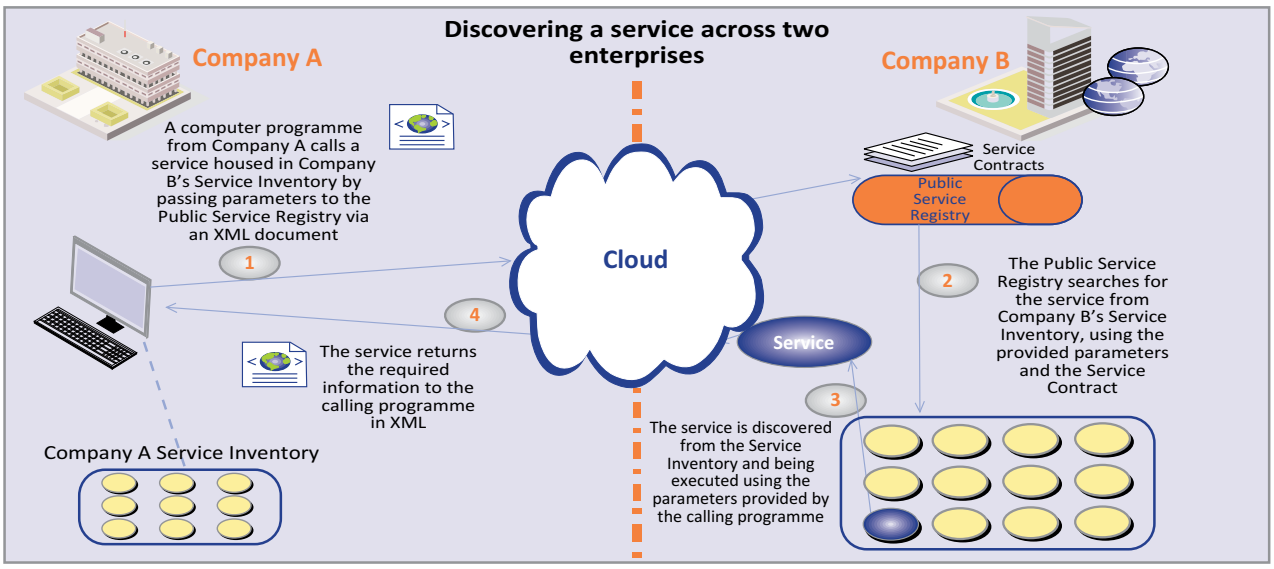


Figure 17 – Discovering a service across different enterprises

Digital resources under company B can be published for consumption by company A. The digital resource can be in the form of data, infrastructure or software. Company A can successfully consume the published resource by adhering to a defined technical contract and terms of engagement. Only resources published and made open by company B are accessible externally, otherwise all other resources are accessible privately within company B.

The diagram below depicts how innovation can be achieved through multi-stakeholder collaboration.

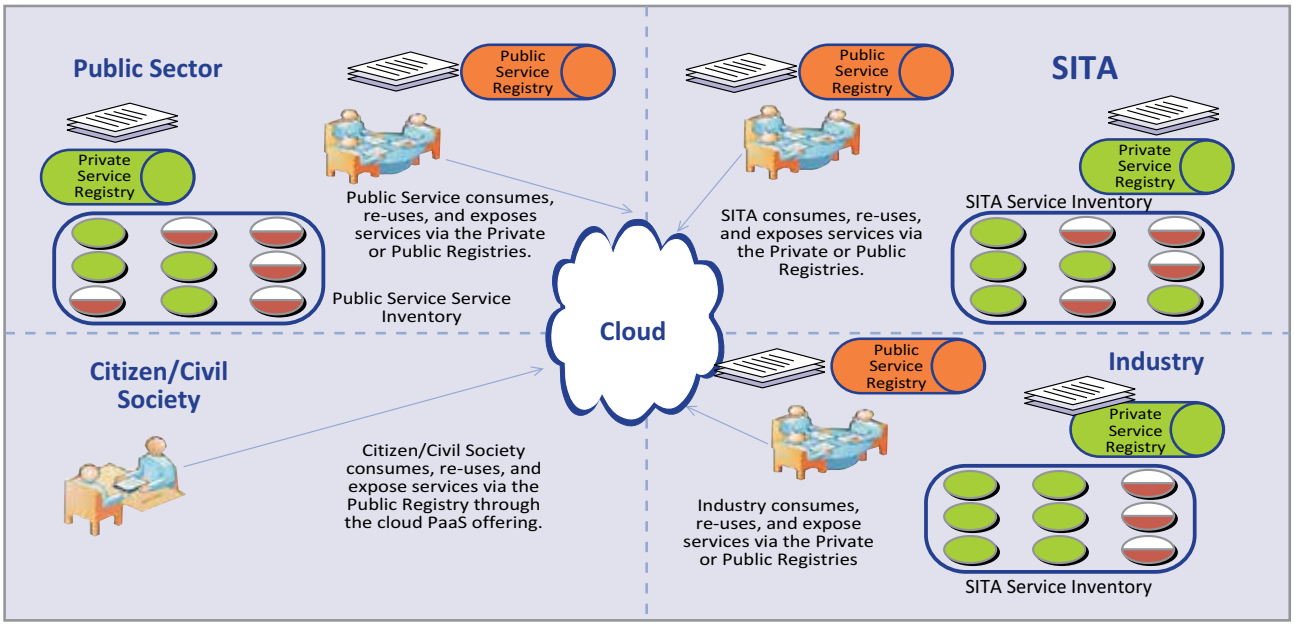


Figure 18 – Multi-stakeholder solutions development

(a) The different stakeholders, namely the public sector, SITA, industry (i.e. ICT service providers, academia, research institutions, etc.), and the public (i.e. citizens and civil society) collaborate in a SOA computing eco-system.

(b) The public sector, SITA and industry can develop re-usable SOA services and either makes them discoverable privately via a private registry or publicly via the public registry.

(c) The services published on the public service registry can be accessible and consumable from outside the respective organisation.

(d) The services published on the private service registry can be accessible and consumable only from within the respective organisation.

(e) Each organisation can re-use the SOA services publicly accessible to it and build new services/solutions.

(f) Each organisation can re-publish its services via the public registry so that they can be accessed and consumed by other organisations.

(g) The citizens or civil society can access and consume digital services that are composed from SOA services published by different organisations. The fact that the SOA services are consumed from different organisations is not known by the citizen/civil society. The whole experience is seamless.

(h) The citizens or civil society may also re-use the SOA services accessible publicly to build innovative solutions

6.4 Goal 3: Effective and sustainable industry transformation

The goal is to advance the transformation agenda and bridge the digital divide by actively promoting access to ICT; stimulating and supporting growth within the ICT sector; advancing economic and social transformation within the ICT sector; diversifying supply chains; contributing towards the reduction of unemployment and poverty

alleviation; and supporting skills development and training initiatives. The strategic projects, aimed achieving this goal, are as follows:

(a) enterprise and supplier development; and

(b) industry partnership.

6.4.1 Enterprise and supplier development

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.

To achieve the transformation agenda, SITA is implementing an enterprise and supplier development (ESD) programme, which will cover the implementation and execution of the following focus areas:

(a) **Enterprise and supplier development:** Providing a platform for emerging suppliers to develop into mainstream ICT suppliers that can do business with SITA and other public and private entities. The targeted enterprises are black-owned, youth, women, military veteran, rural, and people with disabilities.

(b) **Preferential procurement:** Providing a platform for developing SMME entities through preferential procurement enablers such as early payment, original equipment manufacturers (OEMs) partnering, technology solution development, joint ventures, and a targeted sourcing approach;

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

(d) **Skills development and job creation initiatives:** Making use of procurement as a lever to support skills development and job creation.

The ESD strategy framework is depicted in the figure below.

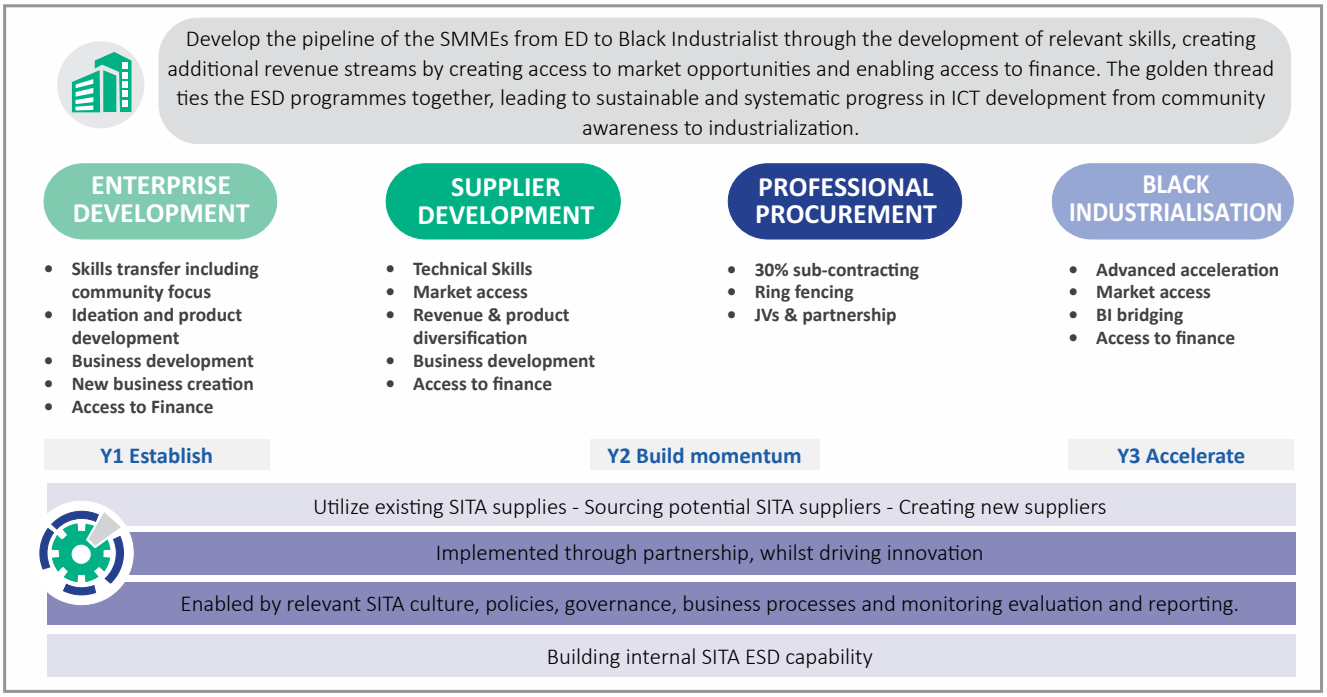


Figure 19 – ESD strategy

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 socioeconomic 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 is implemented in a real environment. 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.

6.4.2 Industry partnerships

In order to enhance the ability of the state to deliver on its digital transformation mandate, it is important that the ICT industry begins identifying itself as a partner to SITA – as the delivery arm of ICT to government. To this end, SITA, in conjunction with National Treasury, embarked on a process of negotiating with various ICT OSMs and OEMs which are deemed to have the largest impact on government proportion of spending. The focus was on licensing, and the objectives were to:

(a) achieve efficiency across government through simplified ICT procurement,

(b) consolidate government contracts and purchasing power, and

(c) eliminate wasteful expenditure, resulting in cost savings across the board.

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

During this process it became apparent that there were more innovative ways to ensure better value for money and some of the OSMs/OEMs changed their internationally recognised business models to allow SITA to become a reseller of licences and equipment. The OSMs/OEMs also contracted to invest in the sector and provide extensive training and SMME development as part of the agreements.

This is monitored by SITA on a quarterly basis through the newly established vendor management office. The impact of this will create a number of jobs and prepare SMMEs to be certified to work in the public and private sector and thus impact the economy positively. Thus far, SITA is a reseller of licences and products to all organs of state directly for the following products – CISCO, Micro Focus, Huawei and HPE.

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 will be extended to include services during the 5-year period and like before will cover all organs of state. The intention of this is also to 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 further result in saving which can then be re-invested into the industry for the digital transformation of government.

SITA aims to be a strategic partner to shape and shift government into the digital era through a collaborative effort to ensure readiness by both government and citizens. Research and innovation is a key enabler in gathering and analysing intelligence regarding how citizens want to interact with government and the readiness for change.

6.5 Goal 4: Customer-centricity

The goal is to take a customer-centric approach to digital initiatives and evaluate the benefits of doing so. The strategy is aimed at responding 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 aims to establish a strategic partnership 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.

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

(a) **Customer focus:** Understanding customers and responding to their needs;

(b) **Competitive insights:** Acquiring and using information about the government ICT market to inform business decisions;

(c) **Business partnerships:** Building and maintaining a network of external business partners;

(d) **Financial management:** Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance;

(e) **Government community relations:** Developing strong relationships with the public, local communities, government and regulatory agencies; and

(f) **Capturing external ideas:** Importing ideas and best practices from outside organisations.

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

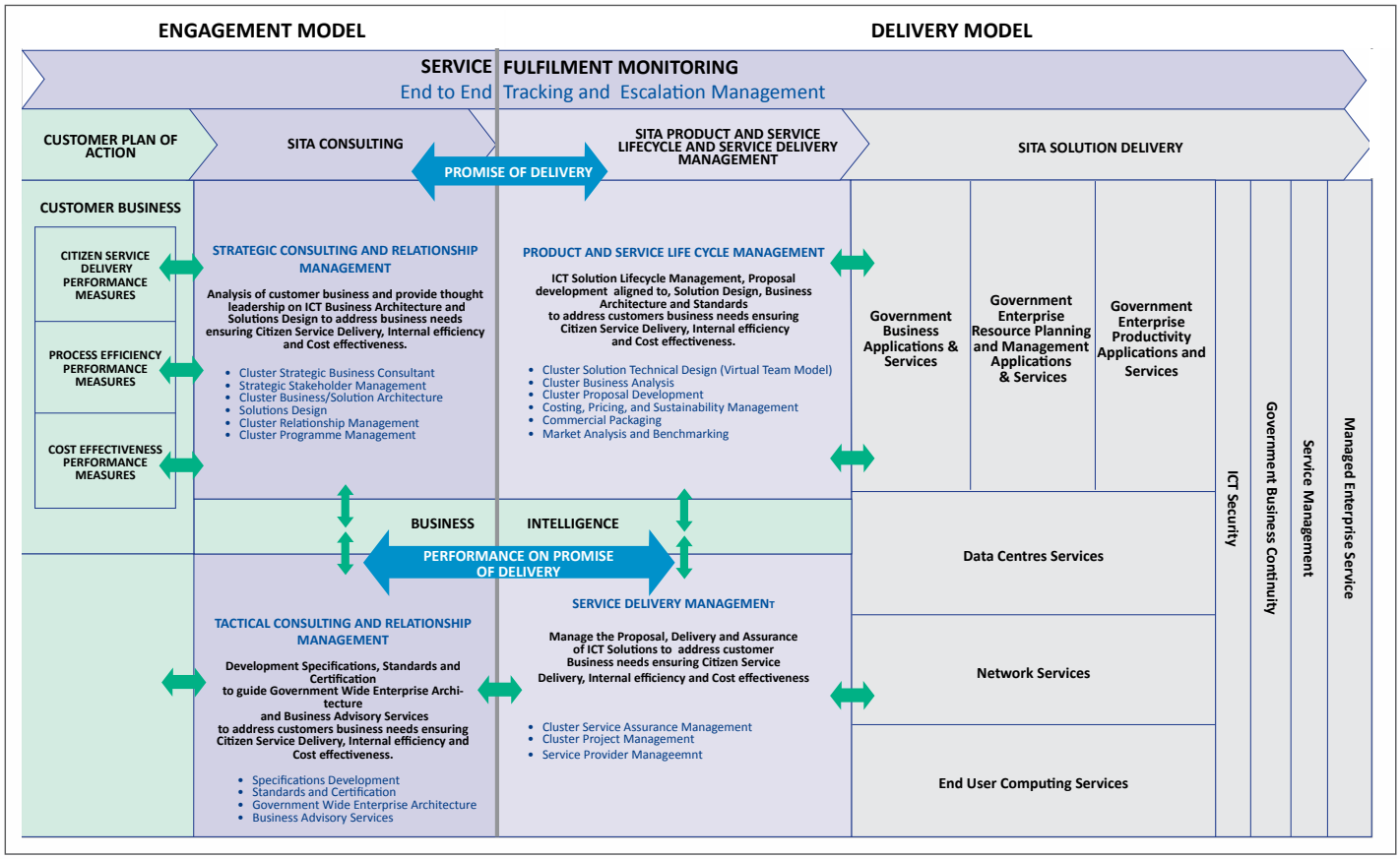


Figure 20 - Customer Engagement and Delivery Model

SITA's customer engagement model aims to foremost 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 that provides the relevant Architecture and Specification standards to inform Solution Architecture and Design.

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

SITA Solution Delivery then rolls outs solutions as per SITA's customer Delivery Model using internal capability and industry partnerships covering Application, Data Centre, Networks and End User Computing with embedded ICT Security, Business Continuity and Service Management services.

The Service Delivery Management Capability focus is on Fulfilment Monitoring, i.e. "Performance on the Promise of Delivery", 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 that is untimely aimed and improving service delivery to government and the citizens of South Africa.

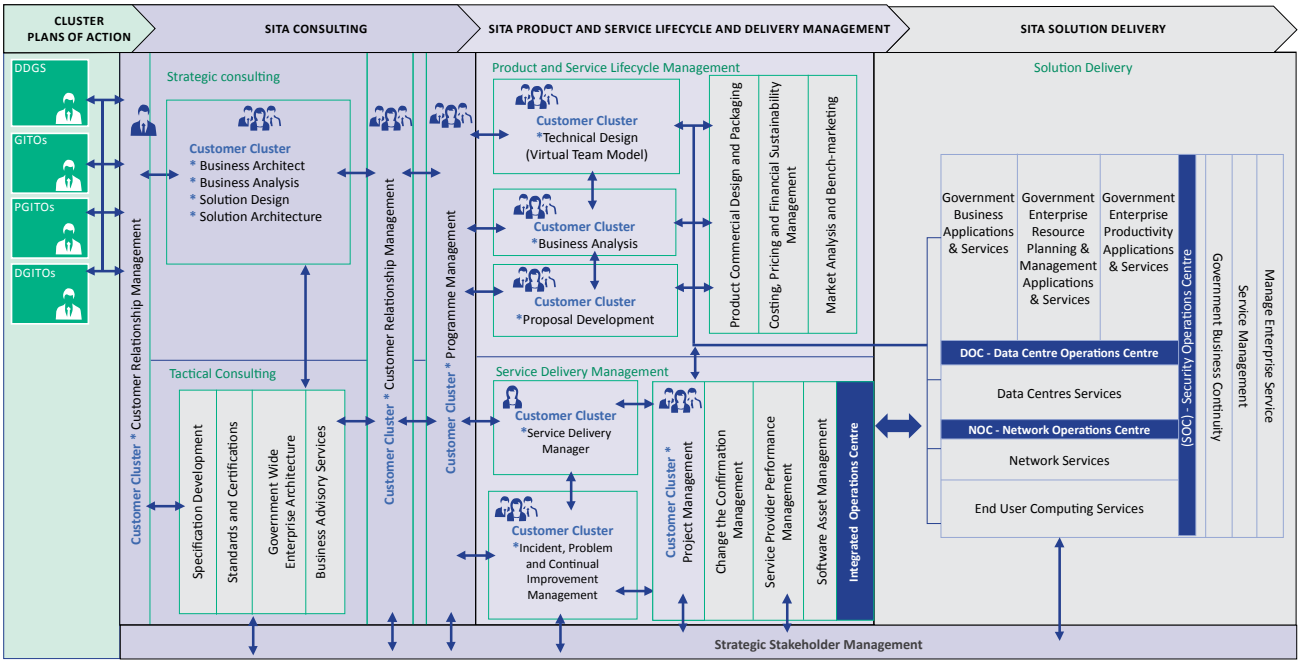


Figure 21 –Consulting, Product /Service Lifecycle and Service Delivery Management , Solution Delivery Collaboration

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 and Integrated Operations Centre that draws information from various monitoring capabilities established in the solution delivery capabilities, i.e. (Network Operations Centre, Data Operations Centre and Security Operations Centres.

6.6 Goal 5: Build a digital culture

The goal is to build and maintain 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, the willingness and capacity to develop new capabilities becomes even more important. For example, business advisory services capability is crucial for assisting government entities in their roadmap to digital transformation from either traditional or cloud paradigms in order to drive transformation for those departments that are ready to embrace digital transformation.

The implementation of the digital strategies requires investment in new skills and a new culture across all levels of the organisation, while the creation of a digitally enabled environment requires a sound business model. This also has implications at top-leadership level, where the role of a digital technology officer becomes a key consideration to design and establish the digital eco-system in partnership with the Hosting and Secure Operations executive, thereby strategically driving the services strategy.

6.6.1 Human capital management strategy principles

The organization's ambition to embark on a digital transformation journey to improve government service delivery requires capable and effective digital and/or digitally aware skills in both the core and support functions. To attract, create, transform and retain such skills requires the human capital management function to understand the strategic digital transformation journey, be aware of the overall requirements of talent management in the digital age, possess some modicum of digital skills and run its processes and systems largely through digital channels and tool sets such as Advanced Big Data HR Analytics, Artificial Intelligence sub-capabilities such as Machine Learning and Natural Language Processing. The major transformation for human capital management is in believing that 'we will not become what we want by remaining where we are'.

This change in corporate strategy and awareness of what each core and support needs to change in order to support the strategy forces SITA to revisit its capabilities, in respect of both leadership and line technical skills requirements and the current state of affairs. 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 the requirements of business organizations in general and the Government enterprise in particular. In keeping up with the skills requirements changes, digitally transforming organizations should consider a matrix of the skill sets presented below:

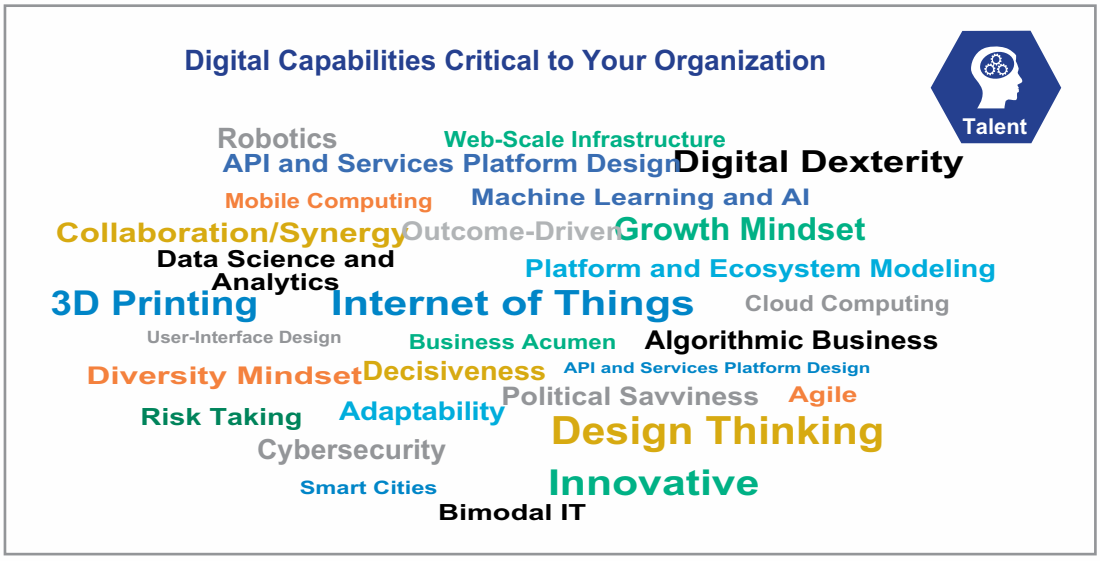


Figure 22 - Capabilities required for digital transformation

In response to the new strategic direction, SITA has already initiated projects aimed at driving future value creation such as Cloud Computing and SA Connect. A closer look at the skills required to make these projects a success reflects a clear misalignment with the resource allocation suggesting that 64% of the human resource allocation is focused on areas that generate 27% of the value. According to a research by Gartner, the allocation of resources, availability of talent and the organization's culture have been identified as the top three (3) barriers to digital business transformation.

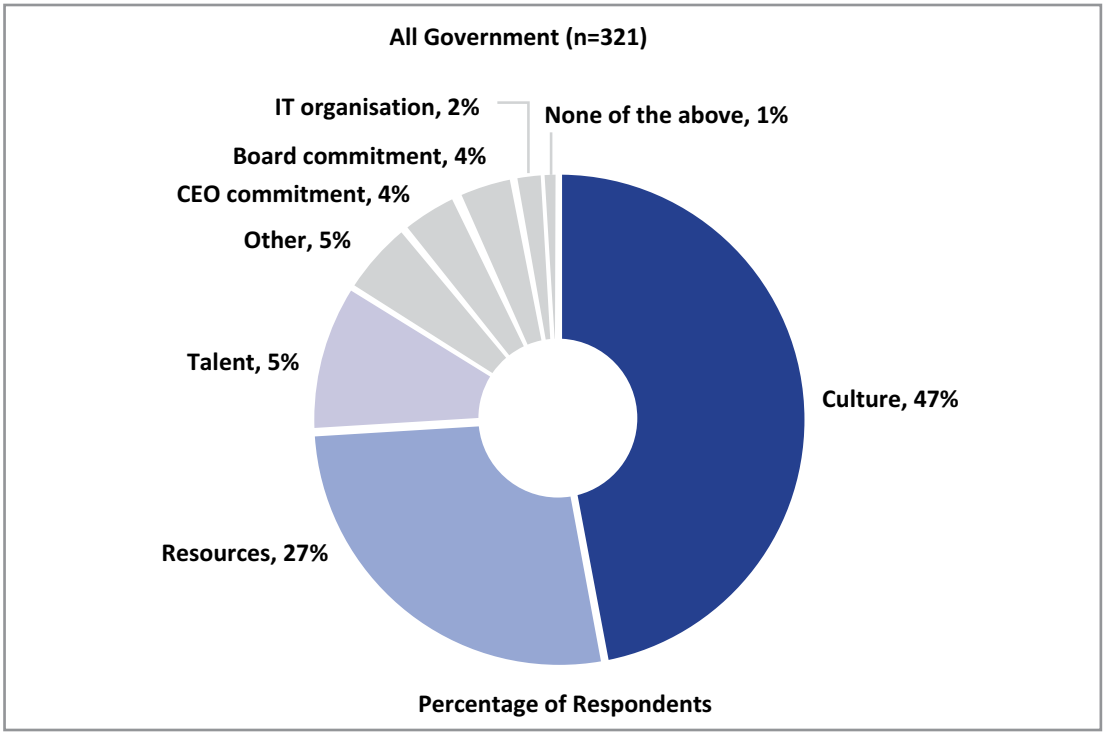


Figure 23 - Barriers to digital transformation

6.6.1.1 Strategic human capital management focus areas

As a strategic partner to the business, the human resources division will, in the next 5 years focus on providing an enabling environment supportive of the digital transformation strategy by focusing on the following four (4) key areas: HR Digitalization, ICT Skills Growth (Digital Skills Attraction, Generation, Continuous Enhancement and Retention), HR Customer Centricity and Transformational Leadership.

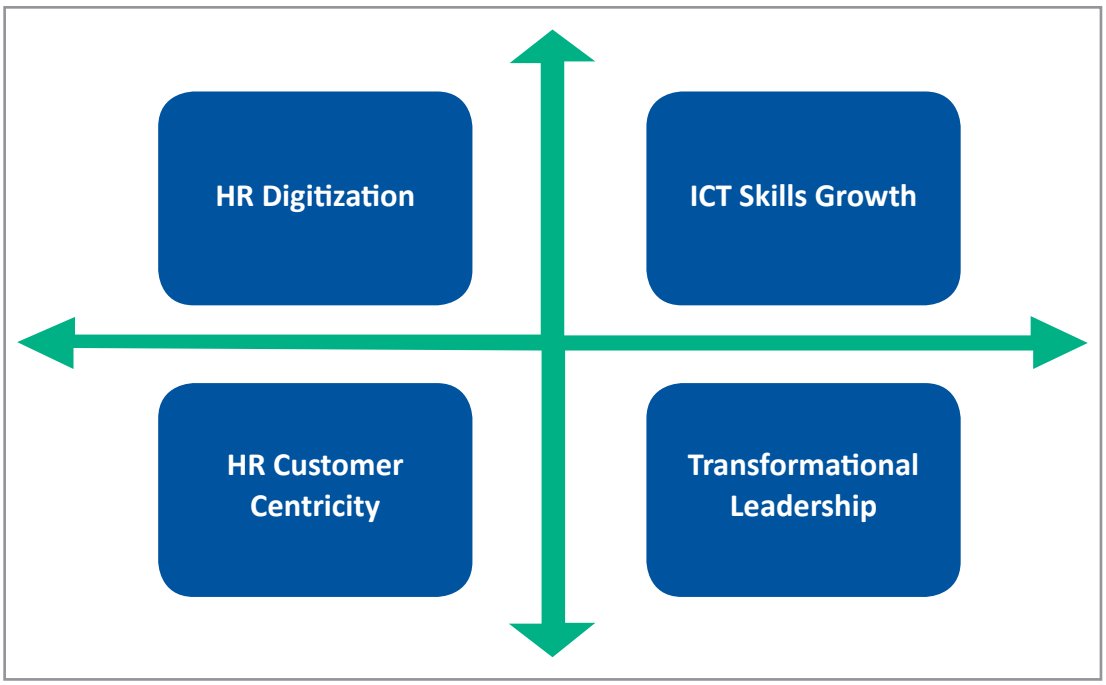


Figure 24 - Strategic human capital management focus areas

6.6.1.2 Human capital management digitisation

The digitization of human capital management aims to drive the division towards a paperless function and therefore reducing the amount of time spend on manual transactional processes, in turn improving the turnaround times in areas like recruitment, payroll, etc. Furthermore, this transformation will assist in prioritizing the improvement of organizational talent analytics capabilities. The outcome of this process will be integrated technologies like 'SITA anywhere, anytime' which will be a platform that allows flexibility for employees to transact and collaborate from different geographical locations, in turn improving employee interaction with HR as well and contribute to attracting the mobile, agile and technologically driven talent.

6.1.3 ICT skills growth

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 view to build a customized 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.

6.1.4 Human capital management customer centricity

The SITA business model articulates the importance of improved service delivery on the basis of a strong partnership with the client as a result of intimately understanding the business of the client. The human capital management division has adopted the Human Capital Business Partnering (HCBP) model to ensure quick turnaround times to queries, solution design and offering based on the unique client requirements posed by the complex core business. This will increase the levels of customer satisfaction which will be measured on ongoing basis to ensure continuous improvement.

6.1.5 Leadership transformation

Digital transformation is a constant journey that poses a major case for change within an organization. This change, amongst other things, 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 organization in this space should be driven by the leadership team that poses the competencies that can drive change and transformation by amongst other things, winning the hearts and minds of the employees. The generic leadership competencies do not measure the capabilities of this leader, this dynamic force SITA to review the leadership competency model in order to support the attraction and retention strategies. A matrix approach will be applied to decide on when to 'buy' or 'develop' the required competencies.

6.1.6 Approach to talent sourcing

Whilst there is a need to bring in new skills to the business, there is also a compelling reason to develop them internally. Continuous development of the workforce is in itself a competitive advantage that enables the organization to thrive today and into the future. This approach together with traditional sourcing strategies cannot be relied on because the required capabilities cannot be developed fast enough internally and they also cannot be sourced using the current sourcing approaches. 68% of the top performing organizations in digital transformation adopt the 'Bimodal' approach to talent sourcing and development.

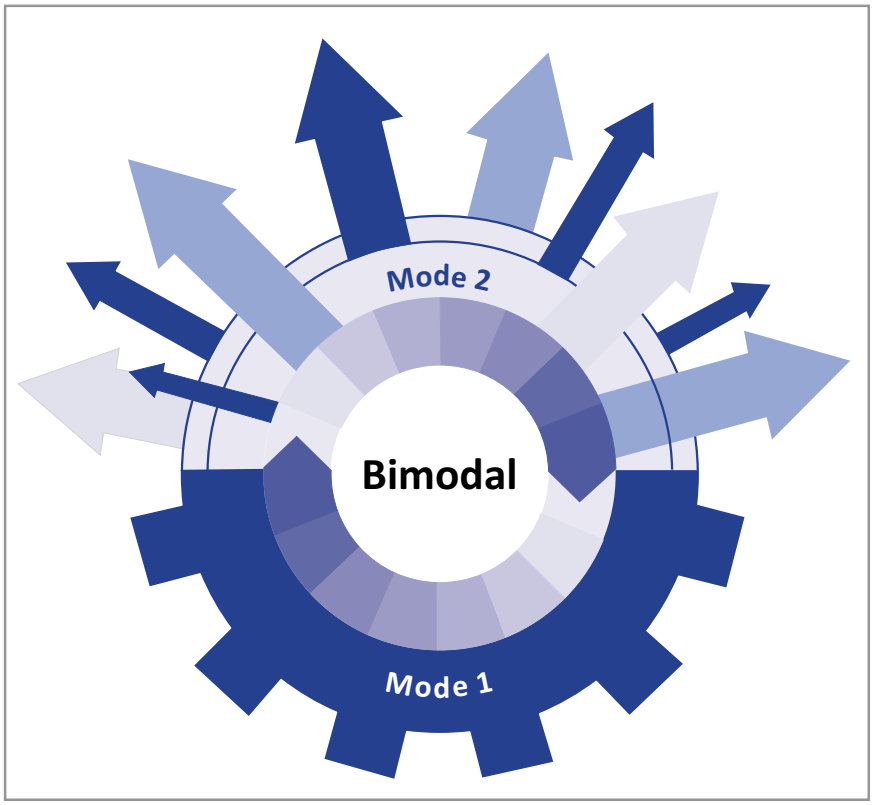


Figure 25 - Bimodal approach

This approach allows the organization to have two virtual organizations during transformation, one which is more safe and predictable and one which is more innovative, fast paced and collaborative. This allows for uniformity in areas of the business that require consistency and maintenance and enough flexibility in the unpredictable, untested new business area. SITA has adopted a concept of skills augmentation to address the mode 2 part of the business, with the intention to align with the ICT skills development strategy to grow skills.

6.7 Goal 6: Effective governance and monitoring

Effective governance and leadership is important for the functioning of any public entity, to ensure that there is clear strategic direction, curbing of mandate drift, an effective and value-driven organisational culture and accountability so that the agency is able to fulfil its vision and mission.

Governance provides the foundation supporting digital transformation and, in turn, governance becomes the foundation upon which the information eco-system is built and grown. SITA will contribute to the improvement of the corporate governance of ICTs across the three spheres of government in order to sustainably improve audit outcomes. This will include the following:

(a) the development of digital strategies for client departments/key sectors;

(b) the development of strategic and operational ICT plans in order to improve demand planning for government priorities;

(c) a focus on architecture (enterprise architecture, solution architecture, etc.);

(d) a focus on data governance in order to improve evidence-based decision-making, utilising big data, artificial intelligence, machine learning, etc.; and

(e) the identification of appropriate ICT models (shared services, centralisation and federation).

6.8 Goal 7: Financial sustainability

The purpose of the financial sustainability goal is to ensure effective and efficient financial management and to ensure that SITA is able to grow financially and be sustainable in the future. SITA is currently funded by monies received for services rendered that are stipulated in the service level agreement referred to in section 20 of the SITA Act, concluded with government departments. SITA also facilitates the selling of ICT goods and services to government departments and public bodies.

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:

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

(b) The accounting authority for that government business enterprise subject to any conditions the Minister may impose.

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

(a) Fast tracking the signing of service level agreements to be finalised before the commencement of the financial year it relates to will provide a more steady and even cash flow during the year and enable SITA to commit more internally generated funds in order to fund capital expenditure;

(b) The rescheduling of SITA from a 3A public entity to a schedule 2A public entity in order to be mandated to borrow funds;

(c) SITA needs to get approval to borrow money in order to fund the capital outlay on a case by case basis per the requirements of the PFMA as detailed above;

(d) Negotiating service-based contracts with service providers in order to provide a full service and recovering a service fee from SITA will negate the need for SITA to procure the related equipment in order to provide the service; or

(e) Obtain general funding directly from Government through the appropriation of funds via the budget process.

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

(a) SOE rationalisation and the possible impact on SITA.

(b) SLA's not signed on time.

(c) Customers not paying on time due to budget constraints and internal challenges and service delivery complaints.

(d) Resource augmentation is needed in order to align to the new business model.

(e) Resource capacitation is needed in order to deliver until the new organisational design is completed and systems have been aligned to the new SITA.

(f) Risks relating to new revenue streams.

(g) Current investments in strategic projects and the related return on investment generated so far indicates that upfront investments are required while projects will generate profit only in future years.

(h) Growing too fast may result in SITA running out of cash.

(i) Broadband revenue typically has a break-even 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.

The current budget does not include external funding and is based on internally generated funds.

7. Implementation roadmap

There is a need to fully leverage the digital transformation trends to create technology solutions aimed at improving the operations and services of government and improving the socio-economic status of the country. SITA may not have the required capabilities to implement projects aimed at utilising the digital transformation trends to digitally transform government. The roadmap considers an incremental approach, tackling low-risk projects while building capability.

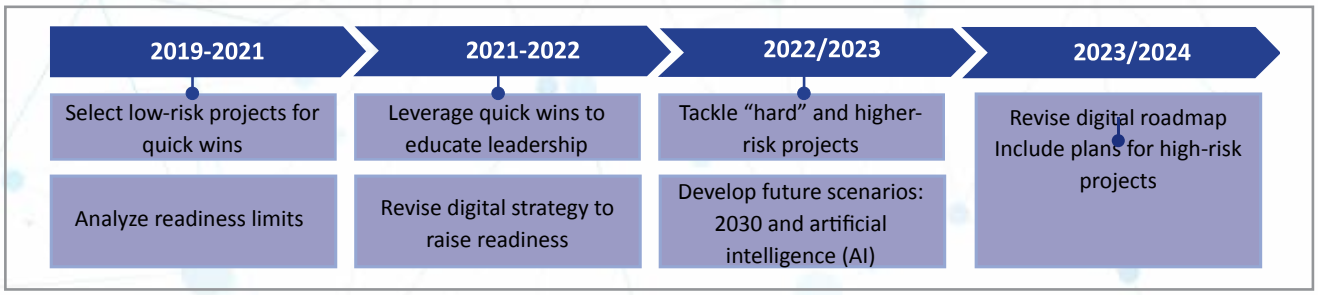


Figure 26 – Implementation roadmap

The strategic goals and projects implemented through SITA have defined six strategic programmes depicted in the figure below.

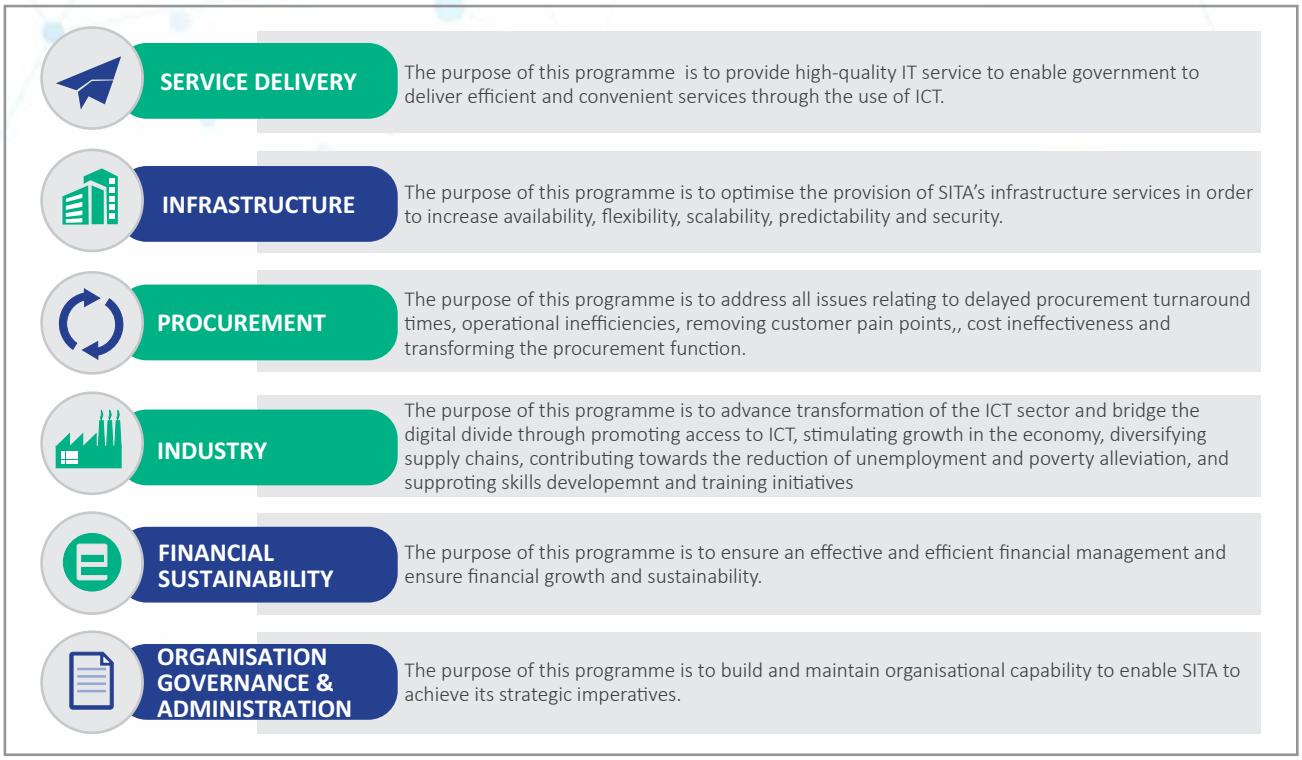


Figure 27 – Strategic programmes

The MTSF details the strategic goals, objectives, key performance indicators and targets that subscribe to the SMART principles. It will be defined considering the availability of resources to ensure successful execution of the strategy. The MTSF per programme is defined in detail below. The structure of the MTSF is guided by the National Treasury's framework for strategic plans and annual performance plans.

7.1 Programme 1: Service delivery

7.1.1 Programme purpose

The purpose of this programme is to provide high-quality IT services and solutions to improve service delivery to the citizen and promote the efficiency of government.

7.1.2 Programme performance indicators and medium-term targets

Table 1 – Service delivery programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Enhance efficiency of government business processes for improving citizen engagement	# of eGovernment services products deployed	5 eGovernment services products deployed	5 eGovernment services products deployed	5 eGovernment services products deployed	5 eGovernment services products deployed	5 eGovernment services products deployed
Transform SITA into customer-centric organisation	% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	98% performance against measured contracted SLA metrics	98% performance against measured contracted SLA metrics	98% performance against measured contracted SLA metrics	98% performance against measured contracted SLA metrics
Achieve growth in government market share	% increase government market share	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/19 service portfolio in scope)	10% increase in government market share on designated services (defined baseline based on SITA's 2019/20 service portfolio in scope)	10% increase in government market share on designated services (defined baseline based on SITA's 2020/21 service portfolio in scope)	10% increase in government market share on designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)	10% increase in government market share on designated services (defined baseline based on SITA's 2022/2023service portfolio in scope)

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

7.1.3 Risk overview of Programme 1: Service delivery

Table 2 – Risk overview of Programme 1 - Service Delivery

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	Loss of young developers result in an inability to deliver the identified e-Services		Retention plans to be developed by HCM, whilst contracts with development houses support those areas where SITA does not have internal capability	
2.	e-Services delivered are not impactful on the service delivery to citizens, resulting in service delivery protects and reputational damage to SITA		e-Services are identified with Departments to prioritise the appropriate, most impactful services	
3.	Availability metrics cannot be achieved as a result of a disruption resulting from aging infrastructure failure, exacerbated by Eskom load shedding		Data centre modernisation project requires capex and resourcing with electrical engineers to make a meaningful impact – liaise with NT in terms of possible PPP	
4.	Customer expectations in terms of availability of systems are not met, as a result of inappropriate metrics		Service Level Agreements define metrics in accordance with customer expectations	
5.	Service lines do not have the necessary capacity to increase market share to targeted levels		Once the ministerial moratorium of staffing is lifted, specific resources can be planned and executed to ensure market growth	

7.2 Programme 2: Infrastructure

7.2.1 Programme purpose

The purpose of this programme is to optimise the provision of SITA's IT infrastructure services in order to increase availability, flexibility, scalability, predictability and security.

7.2.2 Programme performance indicators and medium-term targets

Table 3 – Infrastructure programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Broadband Connectivity	% SA connect sites connected at bandwidths of 10 Mbps as per the government order	100% SA Connect sites connected at bandwidth 10Mbps as per the government order	3377 sites connected and maintained	4954 sites connected and maintained	6135 sites connected and maintained	-

7.2.3 Risk overview of Programme 2: Infrastructure

Table 4 – Risk overview of Programme 2 - Infrastructure

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	The core network is not able to handle the required traffic volumes to services in excess of 4000 additional sites		Deviation to extend the current contract on the core network is required, whilst the fully capacitated network requirement is put to the open market, with staggered capacity planning over time	
2.	The technical installation per site is delayed as a result of poor planning, access restrictions or other interruptions, resulting in increased cost and delayed revenue		Installation plans to be developed in low-level detail to prevent delays, additional S&T costs	
3.	New technology overtakes the implementation and recovery period to fully yield a return on investment		Implementation plan to be developed over shorter period (proposed 3 years) to align with industry development and mitigate against lack of ROI	
4.	SITA does not have the required funds to finance the capex and recover the investment over time		A new proposal to be developed in consultation with the DTPS	
5.	The financial viability of the programme is dependent on funds being available to DTPS		Commitment is only made on available funds	

7.3 Programme 3: Procurement

7.3.1 Programme purpose

The purpose of this programme is to address all issues relating to procurement turnaround times, operational inefficiencies, removing customer pain points, cost ineffectiveness and transforming the procurement function.

7.3.2 Programme performance indicators and medium-term targets

Table 5 – Procurement programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Drive efficiency and effectiveness of supply chain	% of tender awards completed within targeted turnaround times	50% of tender awards completed within targeted turnaround times	70% of tender awards completed within targeted turnaround times	80% of tender awards completed within targeted turnaround times	95% of tender awards completed within targeted turnaround times	100% of tender awards completed within targeted turnaround times

7.3.3 Risk overview of Programme 3: Procurement

Table 6 – Risk overview of programme 3 - Procurement

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	SITA lacks the market intelligence capability to establish appropriate sourcing channels well in advance		Establish a market intelligence capability by utilising existing SITA resources seconded from different environments, to assist the existing SCM team	
2.	Manual processes result in inefficiencies and therefore an inability to meet required turnaround times		Review automation solutions which would dramatically impact on turnaround times	
3.	Market collusion result in ineffectiveness which negatively impacts the successful award of tenders		Continued anti-fraud messaging to suppliers and customersI	
4.	The SCM department capacity and capability is constraint		Capacitation once the ministerial moratorium is lifted	

7.4 Programme 4: Industry

7.4.1 Programme purpose

The purpose of this programme is to advance transformation of the ICT sector and bridge the digital divide through promoting access to ICT, stimulating growth in the economy, diversifying supply chains, contributing towards the reduction of unemployment and poverty alleviation, and supporting skills development and training initiatives.

7.4.2 Programme performance indicators and medium-term targets

Table 7 – Industry programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Drive ICT economic transformation agenda	% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities

7.4.3 Risk overview of Programme 4: Industry

Table 8 – Risk overview of programme 4 - Industry

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	Projects making up large percentages of spend require cash flow which SMMEs are not able to meet		Develop programmes with large ICT providers or development financiers to enable SMME to participate	
2.	Transformation targets are limited to SMMEs rather than including radical ICT transformation through large black owned business		Large players to participate in projects with SMMEs	
3.	The geographical reach required for large scale projects like SA Connect puts the initial layout of cost and resources outside the reach of the SMME		Develop plans to geographically assign and award reachable sites per SMME	
4.	The baseline performance from the previous year indicate a lack of market ability rather than intention or opportunity from SITA		Active development of the market may be required with partners such as development financiers	

7.5 Programme 5: Financial sustainability

7.5.1 Programme purpose

The purpose of this programme is to ensure effective and efficient financial management, financial growth and sustainability.

7.5.2 Programme performance indicators and medium-term targets

Table 9 – Financial sustainability performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Achieve sound financial management	#EBIT	R130m	R138m	R147m	R156m	R164m
	% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate
	# services gross margin	R1.670bn	R1.770bn	R1.877bn	R1.989bn	R2.108bn

7.5.3 Risk overview of Programme 5: Financial sustainability

Table 10 – Risk overview of programme 5 - Financial Sustainability

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	A slow start to new income streams reduces the revenue targeted for the first year		Continued matching of the pipeline with the technical implementation project to ensure an accurate matching of expected cash inflow	
2.	Margins are below the expected rate as a result of limited capacity in the high margin revenue streams		Capacitation once the ministerial moratorium is lifted	
3.	Investment may be required to develop services with higher margins, whilst SITA does not have sufficient CAPEX to meet requirements		Stabilisation of short term cash flow is required with stepped investment to create additional income streams	

7.6 Programme 6: Organisation, governance and administration

7.6.1 Programme purpose

The purpose of this programme is to build and maintain organisational capability to enable SITA to achieve its strategic imperatives.

7.6.2 Programme performance indicators and medium-term targets

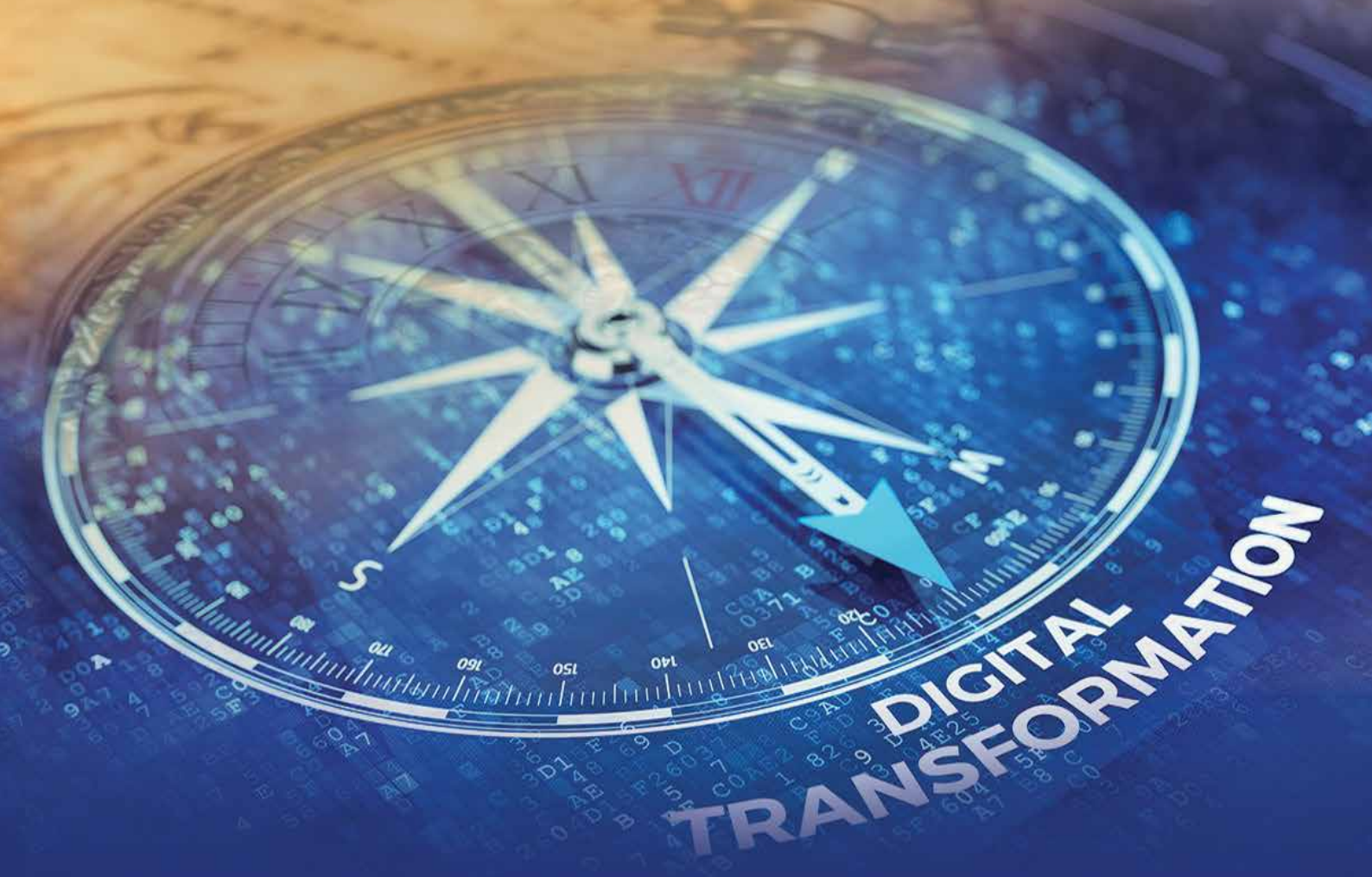
Table 11 – Organisation governance and administration programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Estimated performance				
		2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Transform organisational workforce capability	% of employees trained against the workplace skills plan	70% of employees trained against the workplace skills plan	80% of employees trained against the workplace skills plan	80% of employees trained against the workplace skills plan	80% of employees trained against the workplace skills plan	80% of employees trained against the workplace skills plan

7.6.3 Risk overview of Programme 6: Organisation, governance and administration

Table 12 – Risk overview of programme 6 - Organisation, governance and administration

No	Risk description	Inherent risk ranking	Mitigation plans	Residual risk ranking
1.	Loosing re-trained employees to the market		HCM to develop and retention strategy coupled with work-back contracts on expensive training courses	
2.	An inability to identify the appropriate skills result in expenses that do not yield the desired results		HCM to work closely with LOB's, DTPS and the market in developing the appropriate requirements	
3.	SITAzens do not have the right aptitude to develop the required skills		Individualise the identification of appropriate people across the organisation	
4.	SITA does not have the required funds to finance the required training programmes		Cooperation between DTPS and SITA in respect of the 4IR strategy and the skills development for it	
5.	Inability to source training providers to deliver the training programmes		Pro-actively establish panels of service providers and/or new sourcing methods to ensure the turnaround time between identification of a requirement and appointment can be reduced	



PART C

2019-2020 ANNUAL PERFORMANCE PLAN

8. Introduction

The National Development Plan 2030 emphasises that the use of digital communications has the ability to change society and is potentially a powerful means of fostering social inclusion. The real value of ICT is therefore underpinned by a dynamic and connected information society who needs effective and efficient access to government information and electronic services. Digital service delivery requires streamlining and integration of government service delivery processes to provide relevant and faster information and services to the South African information society including its citizens, businesses and industry alike and more efficient government administrative function to improve management and accounting over scarce government resources.

Moreover, the world is currently in the early stages of the Fourth Industrial Revolution (4IR) which brings a fundamental need for SA to move away from the current "silo" government-citizen service delivery landscape across national, provincial, and local government, as well as state-owned enterprises. There is a need for clear ICT-related regulations, policies, roles and responsibilities, integrated strategies and plans, common interoperable platforms and open data with clear measures to support citizen privacy and cyber-security.

SITA's role is more pertinent since government ability to deliver public services to its information society in particular its citizens is thus dependent on the effective and efficient performance of SITA. SITA will ensure the establishment of an efficient and economic government information infrastructure that promotes economic growth and greater inclusion in our society. The government information infrastructure requires an inclusive and affordable broadband connectivity to society, secure data processing environments, a relevant and integrated information system portfolio to enable better public service delivery across all functions and spheres of government, a cost effective and efficient ICT procurement system that enable much faster service delivery and economic development, which is supported and operated by an efficient SITA operating model and capabilities

The Annual Performance Plan (APP) responds to the strategic goals of the Strategic Plan 2020-2024. It describes the detailed strategic objectives, performance indicators and quarterly targets for the 2019-2020 performance period. SITA's performance will be evaluated by measuring the actual performance achieved against the objective targets. Furthermore, SITA will be entitled to renegotiate the key objectives and targets if they are not achieved or not likely to be achieved in circumstances where key assumptions made do not materialise and in particular:

(a) where certain assumptions relating to inflation do not materialise;

(b) gross domestic product (GDP) growth assumptions are not achieved;

(c) policy changes by government (which includes initiatives by all government departments or ministers);

(d) price increases approved by consumer price index (CPI) are not as contemplated in SITA's financial plans;

(e) restrictive regulatory decisions and

(f) changes in accounting standards.

The tables below provide details on the APP. The tables are aligned to the MTSF and the strategic programmes defined in the strategic plan.

8.1 Programme 1: Service delivery

8.1.1 Programme purpose

The purpose of this programme is to provide high-quality IT services that enable government to deliver efficient and convenient services to citizens through the use of ICT and to optimise the provision of SITA's IT infrastructure services in order to increase availability, flexibility, scalability, predictability and security.

8.1.2 Programme performance indicators and medium-term targets

Table 13 – Service delivery programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Enhance efficiency of government business processes for improving citizen engagement	# of eGovernment services products deployed	24 e-services developed	28 e-services developed	23 e-services deployed	55 e-services deployed	5 eGovernment services products deployed	5 eGovernment services products deployed	5 eGovernment services products deployed
Transform SITA into customer-centric organisation	% performance against measured contracted SLA metrics	96% performance against measured contracted SLA metrics	95.6% performance against measured contracted SLA metrics	96.56% performance against measured contracted SLA metrics	96.38% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics
Achieve growth in government market share	% increase government market share	-	10.8% increase in government market share on designated services (increase on 2014/2015)	10.7% increase in government market share on designated services (increase on 2016/17 target)	13.3% increase in government market share on designated services (increase on 2016/17 target)	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/19 service portfolio in scope) [2]	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/19 service portfolio in scope)	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/19 service portfolio in scope)

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

8.1.3 Programme quarterly targets for the 2019 - 20 financial year

Table 14 – Service delivery programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
# of eGovernment services products deployed	Quarterly	5 eGovernment services products deployed[3]	1 eGovernment services product deployed	2 eGovernment services products deployed -	4 eGovernment services products deployed	5 eGovernment services products deployed
% performance against measured contracted SLA metrics	Quarterly	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics	95% performance against measured contracted SLA metrics
% increase government market share	Annual	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/19 service portfolio in scope)	-	-	-	10% increase in government market share on designated services (redefined baseline based on SITA's 2018/2019 service portfolio in scope)

8.2 Programme 2: Infrastructure

8.2.1 Programme purpose

The purpose of this programme is to optimise the provision of SITA's IT infrastructure services in order to increase availability, flexibility, scalability, predictability and security.

8.2.2 Programme performance indicators and medium-term targets

Table 15 – Programme perform indicators and medium term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Broadband Connectivity	% SA connect sites connected at bandwidths of 10 Mbps as per the government order	-	-	-	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order

[3]eGovernment transversal services products identified for deployment to support digitisation for 4IR

8.2.3 Programme quarterly targets for 2019-2020 financial year

Table 16 – Infrastructure programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
% SA connect sites connected at bandwidths of 10 Mbps as per the government order	Quarterly	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order	-	-	-	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order

8.3 Programme 3: Procurement

8.3.1 Programme purpose

The purpose of this programme is to address all issues relating to procurement turnaround times, operational inefficiencies, removing customer pain points, cost ineffectiveness and transforming the procurement function.

8.3.2 Programme performance indicators and medium-term targets

Table 17 – Procurement programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Drive efficiency and effectiveness of supply chain	% of tender awards completed within targeted turnaround times	55% of tender awards completed within the targeted turnaround time	34% of tender awards completed within the targeted turnaround time	28.94% of tender awards completed within the targeted turnaround time	33.9% of tender awards completed within the targeted turnaround time	50% of tender awards completed within targeted turnaround times	60% of tender awards completed within targeted turnaround times	70% of tender awards completed within targeted turnaround times

8.3.3 Programme quarterly targets for 2019-2020 financial year

Table 18 – Procurement programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of tender awards completed within targeted turnaround times	Quarterly	50% of tender awards completed within targeted turnaround times	50% of tender awards completed within targeted turnaround times	50% of tender awards completed within targeted turnaround times	50% of tender awards completed within targeted turnaround times	50% of ICT acquisition spend through SMME entities

8.4 Programme 4: Industry

8.4.1 Programme purpose

The purpose of this programme is to advance transformation of the ICT sector and bridge the digital divide through promoting access to ICT, stimulating growth in the economy, diversifying supply chains, contributing towards the reduction of unemployment and poverty alleviation, and supporting skills development and training initiatives.

8.4.2 Programme performance indicators and medium-term targets

Table 19 – Industry programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Drive ICT economic transformation agenda	% of ICT acquisition spend through SMME entities	11% of ICT acquisition spend through SMME entities	20.03% of ICT acquisition spend through SMME entities	14.22% of ICT acquisition spend through SMME entities	19.84% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities

8.4.3 Programme quarterly targets for 2019-2020 financial year

Table 20 – Industry programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of ICT acquisition spend through SMME entities	Quarterly	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities	40% of ICT acquisition spend through SMME entities

8.5 Programme 5: Financial sustainability

8.5.1 Programme purpose

The purpose of this programme is to ensure effective and efficient financial management, financial growth and sustainability.

8.5.2 Programme performance indicators and medium-term targets

Table 21 – Financial sustainability performance indicators and medium-term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Achieve sound financial management	#EBIT	-	2.75%	R263m	-R48.3m	R130m	R138m	R147m
	% net collection rate	-	-	94%	80%	80% net collection rate	80% net collection rate	80% net collection rate
	#services gross margin	-	18.5%	R1 26m	R968.1m	R1.670bn	R1.770bn	R1.877bn

8.5.3 Programme quarterly targets for 2019-2020 financial year

Table 22 – Financial sustainability programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
# EBIT	Quarterly	R130m	R0[4]	R10m	R50m	R130m
% Net collection rate	Quarterly	80% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
# Services gross margin	Quarterly	R1.670bn	R50m	R100m	R850m	R1.670bn

[4]There is no targeted figure for EBIT in the first quarter since the organisation will be finalising sign-off of the service level agreements with clients and most of the payments for services rendered would not have been received.

8.6 Programme 6: Organisation, Governance and Administration

8.6.1 Programme purpose

The purpose of this programme is to build and maintain organisational capability to enable SITA to achieve its strategic imperatives.

8.6.2 Programme performance indicators and medium-term targets

Table 23 – Organisation, governance and administration programme performance indicators and medium-term targets

Strategic objectives	Performance indicators	Audited/ Actual Performance			Estimated performance 2018-2019	Medium- Term Targets		
		2015-2016	2016-2017	2017-2018		2019-2020	2020-2021	2021-2022
Transform organisational workforce capability	% of employees trained against the workplace skills plan	-	-	-	-	70% of employees trained against the workplace skills plan	70% of employees trained against the workplace skills plan	70% of employees trained against the workplace skills plan

8.6.3 Programme quarterly targets for 2019-2020 financial year

Table 24 – Organisation, governance and administration programme quarterly targets

Performance indicators	Reporting period	Annual target 2019-2020	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of employees trained against the workplace skills plan	Quarterly	70% of employees trained against the workplace skills plan	Approved workplace skills plan	20% of employees trained against the workplace skills plan	40% of employees trained against the workplace skills plan	70 % of employees trained against the workplace skills plan

Annexure: Technical Indicator Descriptions

This section provides detailed information regarding the key performance indicators for each of the six (6) strategic programmes.

A.1 Programme 1: Service Delivery

A.1.1 # of eGovernment services products deployed

Indicator	# of e-Government services products deployed
Short definition	E-services are deployed at the client environment and accepted by the client as a working solution.
Purpose	The purpose of the objective is to digitise government business processes to allow citizens to access government services on-line and through mobile devices.
Data/Evidence source	User acceptance certificate signed by client.
Method of calculation	Number of e-services products deployed to production
Unit of Measure	Number
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	5 eGovernment services products deployed
Indicator responsibility	Executive: Hosting and Secure Operations

A.1.2 % performance against measured contracted SLA metrics

Indicator	% performance against measured contracted SLA metrics
Short definition	Level of achievement of SLA metrics
Purpose	To gauge the extent to which the organisation has achieved against performance levels agreed to in contracted SLAs
Data/Evidence source	1. Service Level Agreements 2. ITSM7/NMS and ARS systems - SLA Performance and Trend Reports
Method of calculation	Number of SLA Metrics met / Total number of contracted SLA Metrics measured for the period) x Business impact weight Note: Excluding dependencies on areas requiring upgrades and modernisation as well as power outages The above equation is applied to each of the 15 measure categories across business impact weights that total 100 as per the figure below.: The sum of the weighted performance per metric category is added to determine overall % performance.
Unit of Measure	Percentage
Data limitations	SLA metric performance must be reported/ extracted from automated system/process as per defined scope. All services not currently measured in same system.
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	95% performance against measured contracted SLA metrics
Indicator responsibility	Executive: Networks and Service Management

Performance Description	Responsiveness			WAN Services							Hosting Services		Service Management			Totals
				Availability							Mainframe Availability		Availability			
	Service Desk	MTT Resolve	MTT Response	Carrier Router	Access Link Router	Customer Edge Router	NGN Access	Internet Access	Antispam	NMS	Database Management Systems	Hosting Systems	Aspect	ITSM	Reporting Servers	
	6	15	12	7	7	7	7	5	5	4	7	7	4	5	2	100

A.1.3 % increase in government market share

Indicator	% increase in government market share
Short definition	Increase in the amount of government ICT budget spent on services provided by SITA
Purpose	To gauge the extent to which the amount of money government spends on ICT services from SITA has increased as a percentage of total government ICT spend
Data/Evidence source	1. SITA ERP and Financial systems 2. National Treasury BAS system
Method of calculation – Check this info with Exec NSM	% Market Share Year A baseline for 2018/19 = Gov 2018/19 Actual Spend through SITA divided by Gov 2018/19 ICT Budget related to SITA's Service Portfolio % Market Share Year B: 2019/20 = Gov 2019/20 Actual Spend through SITA divided by Gov 2019/20 ICT Budget related to SITA's Service Portfolio % Increase in government market share in 2019 (% Market Share Year B: 2019/20 minus % Market Share Year A baseline for 2018/19) divided % Market Share Year A baseline for 2018/19 Note: Only National and Provincial government customers ICT budget and spend related to SITA Service Portfolio is in scope as per National Treasury BAS system data coverage. This excludes ICT budget and spend of Local Government, State Owned Entries and Private Customers. Only ICT Budget and Spend relevant to SITA's Service Portfolio is in scope which excludes ICT Budget and Spend that is not related to SITA's Service Portfolio. Only includes ICT Spend relevant to SITA's Service Portfolio related to SITA's revenue accounted for in SITA's financial system for both 2018/19 baseline and 2019/20 to ensure alignment across financial years to SITA Strategies and Plans
Unit of Measure	Percentage
Data limitations	Accuracy of data
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance/ Annual Target	10% increase in government market share on designated services (redefined baseline based on SITA's 2019/20 service portfolio in scope)
Indicator responsibility	Executive: National Consulting

A.2 Programme 2: Infrastructure

A.2.1 # of SA connect sites connected at bandwidths of 10Mbps as per government order

Indicator	# of SA connect sites connected at bandwidths of 10Mbps as per government order
Short definition	Connectivity of municipality at bandwidths of 10Mbps
Purpose	To improve connectivity of government
Data/Evidence source	Signoff certificate by Client & SITA
Method of calculation	Value of Government order/number of sites connected *100 Note: 1. Dependency on BBI connected sites 2. Connected sites will be for government orders received before quarter 4 of 2020.
Unit of Measure	Percentage
Data limitations	None
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Annual
New indicator	No
Desired performance/ Annual Target	100% SA connect sites connected at bandwidths of 10 Mbps as per the government order
Indicator responsibility	Executive: Networks and Service Management

A.3 Programme 3: Procurement

A.3.1 % of tender awards completed within targeted turnaround times

Indicator	% of tender awards completed within targeted turnaround times
Short definition	A cumulative total number of tenders completed within the targeted turnaround
Purpose	To improve the SCM turn-around times
Data/Evidence source	1. SCM Tender Register/Report 2. SCM Tender SLA targets per APP 3. Proof of resolution document date from Bid Spec Committee / Proof of receipt by Demand Management 4. Proof of resolution document date from relevant adjudication committee
Method of calculation	Tenders completed per SLA target/Total number of tenders completed (awarded/ recommended) per FY) x 100 * Award Letter Date means the date on which the bid award letter was signed by the SITA delegated authority. Note: Request is registered as received in Procurement when the specification is approved. or when Demand Management receives the request for transactions that are not subjected to Bid Specification Committee process Note: It measures end to end process, from demand management to award Condition: Only tenders completed (adjudicated) for the reporting period is part of the formula Note: the days used in SCM are working days
Unit of Measure	Percentage
Data limitations	The accuracy of the information from SCM manual systems
Type of indicator	Outcome
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	50% of tender awards completed (manual processes) within targeted turnaround times
Indicator responsibility	Executive: Supply Chain Management

A.4 Programme 4: Industry

A.4.1 % of ICT acquisition spend through SMME entities

Indicator	% of ICT acquisition spend through SMME entities
Short definition	ICT acquisition spend through the use of companies classified as SMMEs (EME & QSE) entities
Purpose	To improve the acquisition spend through SMMEs entities
Data/Evidence source	1. SCM SMME Register 2. Supplier Database 3.ERP Creditor payment r eport 4. Copy of B-BBEE certificate for suppliers
Method of calculation	{P= ((SMME_DIRECT_Spend + SMME_INDIRECT_Spend)/Available_Spend) *100)} * SMME_DIRECT_Spend means the spend (Rand) on SMME entities for the reporting period as reflected in the ERP Creditor Report ** SMME_INDIRECT_Spend means the (Rand) value invoiced by and paid to SMMEs by Main Contractors in accordance with Sub-contracting clauses as stated on the contracts register and reflected in the subcontracting report. *** Available Spend means the total measured procurement spend less license fees at all OEMs
Unit of Measure	Percentage
Data limitations	The accuracy of the information from manual calculation
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	40% of ICT acquisition spend through SMME entities
Indicator responsibility	Executive: Multi Stakeholder Projects

A.5 Programme 5 : Financial Sustainability

A.5.1 % Earnings Before Interest and Tax

Indicator	% Earnings Before Interest and Tax
Short definition	EBIT is defined as revenue minus expenses, excluding tax and interest. It is an indicator of a company's profitability
Purpose	To improve financial sustainability
Data/Evidence source	1. Quarterly finance reports 2. Annual Financial Statements
Method of calculation	Service Revenue (SR) + Agency Revenue (SA) – Expenses
Unit of Measure	Number
Data limitations	The accuracy of the ERP financial information
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	R130m
Indicator responsibility	Chief Financial Officer

A.5.2 % Net Collection Rate

Indicator	% Net Collection Rate
Short definition	This measures current year invoice due and the percentage that SITA actually collect.
Purpose	Measurement of the ability of the organisation to recover amounts billed (sustainability)
Data/Evidence source	1. ERP system 2. Monthly and Quarterly Finance report
Method of calculation	Receipts / Total current year invoices due
Unit of Measure	Percentage
Data limitations	The accuracy of the ERP financial information
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	80% net collection rate
Indicator responsibility	Chief Financial Officer

A.5.3 % Services Gross Margin

Indicator	% Services gross margin
Short definition	Gross margin is a company's profit before operating expenses, interest payments and taxes. This is the indicator of the management of direct costs with relation to revenue.
Purpose	To improve financial sustainability
Data/Evidence source	1. Quarterly finance reports 2. Annual Financial Statements
Method of calculation	Services Revenue – Cost of sales
Unit of Measure	Number
Data limitations	The accuracy of the ERP financial information
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	R1.670bn
Indicator responsibility	Chief Financial Officer

A.6 Programme 6: Organisation and Governance and Administration

A.6.1 % of employees trained against the workplace skills plan

Indicator	% of employees trained against the workplace skills plan
Short definition	The ability for an organisation to identify and develop the required skills to meet the current and future business needs
Purpose	To develop the required skills to meet the immediate business needs
Data/Evidence source	1. Workplace skills plan 2. Training plan 3. Training attendance register 4. Training certificates
Method of calculation	Actual number of employees trained / Total number of identified employees as per the WSP x 100
Unit of Measure	Percentage
Data limitations	Inefficiency of the manual talent management system
Type of indicator	Output
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	No
Desired performance/ Annual Target	70% of developmental initiatives for identified employees in core, critical and scarce positions completed
Indicator responsibility	Executive: Human Capital Management

PART D
FINANCIALS

9. Budgeted financial statements

9.1 Assumptions made in preparing the budget

9.1.1 Revenue

Revenue for the 2019-2020 financial year is estimated at R6.921billion. This is a revenue increase of 28% as compared to the forecast of the 2018-2020 financial year. The substantial increase in revenue will be achieved through the implementation of a number of projects which were incubated in the 2018-2019 financial year. SITA becoming a reseller of various brands has increased the potential for turnover, and has opened up markets for this and other service offerings to all organs of state, which in turn creates new business opportunities. The increase in revenue has a positive impact on gross profit in rand terms. Depending on the role that SITA will be playing in SA Connect, the revenue figure can be increased based on the MTEF's allocations of the National Treasury. SITA is also becoming a key player in the provinces in the broadband space, and has also just launched GPC which is attracting interest from across the public sector. However, it should be noted that SITA cannot afford the total upfront initial investment required for broadband and conditional grants should be considered.

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

(a) Improved customer satisfaction;

(b) Maintained and improved current "STARS" products /services;

(c) Introduction of new services that respond to modern government demands;

(d) Retaining of current business/customers;

(e) Extension of full incorporation to national and provinces;

(f) Growth of business in strategic departments and provinces;

(g) Growth of business at local government level;

(h) Development of our reseller business: and

(i) Focus on the Digitalisation strategic roadmap and link our service offerings to this end.

9.1.2 Operational expenditure

Cost of sales increased by 26% to a budgeted R5.25bn for the 2019-2020 financial year. This is in line with the increase in revenue and cost cutting measures that have been implemented.

Operating expenses (Opex) are expected to increase by 42% from a forecast of R1.115bn for the 2018-2019 financial year to an estimated R1.585bn in the 2019-2020 financial year. This increase is due to more focus being put on training and development of staff, once off investments for stabilising and modernising the operating environment and maintenance of buildings that needs urgent attention. The increase is also as a result of the focus on improving governance and compliance, and a concerted marketing drive to encourage the promotion and use of new SITA products and services at all tiers of government.

9.1.3 EBIT

A more concerted and defined effort in managing the components of EBIT enables us to increase our operating surplus which allows for more money to be available to finance capital expenditure (Capex).

9.1.4 Capital expenditure

The total capital expenditure requirement for the 2019-2020 financial year is budgeted at R500m. However, the total Capex requirement far exceeds this amount. SITA may have to consider borrowing as well as conditional grants in order to meet its capital expenditure demands.

9.2 Statement of Financial Performance

Description	Audited FY 2017/18	Forecast FY 2018/19	Proposed budget FY 2019/20	Estimate			
				20/21	21/22	22/23	23/24
Total Revenue:	**5 758 712**	**5 419 836**	**6 921 139**	**7 336 407**	**7 776 591**	**8 243 187**	**8 737 777**
Service Revenue	4 344 138	4 361 485	5 741 243	6 085 717	6 450 860	6 837 912	7 248 186
Agency Revenue	1 414 574	1 058 351	1 179 896	1 250 690	1 325 731	1 405 275	1 489 591
Total Cost of Sales:	**4 537 081**	**4 164 649**	**5 250 793**	**5 565 840**	**5 899 791**	**6 253 778**	**6 629 006**
Agency Cost of Sales	1 302 670	1 013 455	1 122 391	1 189 735	1 261 119	1 336 786	1 416 993
Direct Labour	1 292 419	1 351 062	1 445 636	1 532 375	1 624 317	1 721 776	1 825 083
Augmentation/Staff capacitation	-	-	50 597	53 633	56 851	60 262	63 878
Service Delivery Expenses	1 775 754	1 625 816	2 431 705	2 577 607	2 732 264	2 896 200	3 069 972
Direct Depreciation	166 238	174 315	200 463	212 490	225 240	238 754	253 080
Gross Margin - overall	**1 221 631**	**1 255 187**	**1 670 346**	**1 770 567**	**1 876 800**	**1 989 409**	**2 108 771**
Gross Margin % - overall	21%	23%	24%	24%	24%	24%	24%
Gross Margin - services	1 109 727	1 210 291	1 612 842	1 709 611	1 812 188	1 920 920	2 036 175
Gross Margin % - services	26%	28%	28%	28%	28%	28%	28%
Gross Margin - agency	111 904	44 895	57 505	60 955	64 612	68 489	72 598
Gross Margin % - agency	**8%**	**4%**	**5%**	**5%**	**5%**	**5%**	**5%**
Other Income	**32 755**	**3 896**	**45 973**	**48 731**	**51 655**	**54 755**	**58 040**
Total Operating Expenses:	**1 040 302**	**1 115 762**	**1 585 690**	**1 680 831**	**1 781 681**	**1 888 582**	**2 001 898**
Indirect Labour	460 840	491 208	525 593	557 128	590 556	625 989	663 549
Augmentation/Staff capacitation	-	-	18 396	19 499	20 669	21 910	23 224
Marketing expenses	26 830	19 692	62 831	66 601	70 597	74 833	79 323
Indirect Depreciation	53 867	139 389	160 297	169 915	180 110	190 917	202 372
Other Indirect Costs	497 312	445 565	758 592	804 108	852 354	903 495	957 705
Research and Development	-	8 780	10 700	11 342	12 023	12 744	13 509
Training	1 453	11 128	49 281	52 238	55 372	58 694	62 216
Operating Surplus	**214 084**	**143 321**	**130 629**	**138 467**	**146 774**	**155 583**	**164 913**

9.3 Statement of Financial Position

Description	Actual Audited FY 2017/18	Forecast FY 2018/19	Budgeted FY 2019/20	Estimate			
				FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS							
CURRENT ASSETS	**2 981 405**	**2 941 713**	**2 930 082**	**2 943 949**	**3 008 850**	**2 824 584**	**2 745 312**
Cash and cash equivalents	1 605 114	1 796 250	1 672 565	1 716 814	1 750 575	1 731 130	1 712 787
Trade and other receivables	1 158 954	1 071 252	1 076 557	1 040 551	1 060 265	943 096	879 867
Income Tax receivable	111 322	-	102 520	103 673	110 372	57 725	54 745
Prepayments	**106 015**	**74 211**	**78 440**	**82 912**	**87 638**	**92 633**	**97 913**
NON-CURRENT ASSETS	**1 167 669**	**1 250 305**	**1 461 888**	**1 627 431**	**1 916 578**	**2 175 016**	**2 398 179**
Property, plant & equipment	709 478	838 074	992 952	1 262 218	1 543 329	1 791 771	2 009 673
Intangible assets	457 100	411 091	376 921	363 937	371 902	381 821	388 506
Deferred tax assets	**1 091**	**1 140**	**92 015**	**1 275**	**1 347**	**1 424**	**0**
TOTAL ASSETS	**4 149 074**	**4 192 018**	**4 391 970**	**4 571 380**	**4 925 428**	**4 999 600**	**5 143 491**
LIABILITIES							
CURRENT LIABILITIES	**1 090 033**	**1 020 018**	**1 115 172**	**1 183 067**	**1 308 006**	**1 380 100**	**1 496 037**
Creditors	727 594	562 765	709 002	**754 008**	854 767	901 319	990 275
Other payables	128 699	136 034	143 788	151 984	160 647	169 804	179 483
Income received in advance	**233 740**	**247 764**	**262 382**	**277 075**	**292 592**	**308 977**	**326 279**
Income Tax Payable	-	73 455	-	-	-	-	-
NON-CURRENT LIABILITIES	**97 677**	**107 444**	**118 189**	**130 008**	**143 009**	**157 309**	**173 040**
Post-retirement medical liability	97 677	107 444	118 189	130 008	143 009	157 309	173 040
TOTAL LIABILITY	**1 187 710**	**1 127 462**	**1 233 361**	**1 313 075**	**1 451 015**	**1 537 409**	**1 669 077**
TOTAL NET ASSETS	**2 961 365**	**3 064 556**	**3 158 609**	**3 258 305**	**3 474 413**	**3 462 191**	**3 474 414**
TOTAL LIABILITIES AND EQUITIES	**4 149 075**	**4 192 018**	**4 391 970**	**4 571 380**	**4 925 428**	**4 999 600**	**5 143 491**
NET ASSETS ANALYSED AS FOLOWS							
Non-distributable reserves	627 335	627 335	627 335	627 335	627 335	627 335	627 335
Accumulated surplus	2 334 030	2 437 221	2 531 274	2 630 970	2 847 078	2 834 856	2 847 079
	2 961 365	**3 064 556**	**3 158 609**	**3 258 305**	**3 474 413**	**3 462 191**	**3 474 414**

9.4 Cash Flow Statement

Description	Actual Audited	Forecast	Budget		Estimate		
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash generated in operations	432 013	631 266	412 891	633 020	674 858	624 118	627 833
Normal taxation	25 491	(40 130)	(36 576)	(38 771)	(41 097)	(43 563)	(46 176)
Finance income	63 406	-	-	-	-	-	-
Cash from operating activities	**520 910**	**591 136**	**376 316**	**594 249**	**633 762**	**580 555**	**581 657**
Cash flows from investing activities	**(99 125)**	**(400 000)**	**(500 000)**	**(550 000)**	**(600 000)**	**(600 000)**	**(600 000)**
Incease/(decrease) in cash and cash equivalents	421 785	191 136	(123 684)	44 249	33 762	(19 445)	(18 343)
Cash and cash equivalents beginning of year	1 183 329	1 605 114	1 796 250	1 672 565	1 716 814	1 750 575	1 731 130
Cash and cash equivalents end of year	**1 605 114**	**1 796 250**	**1 672 565**	**1 716 814**	**1 750 575**	**1 731 130**	**1 712 787**

10. Budget per Programme

10.1 Service Delivery

Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'001	R'002
Gross Revenue	**2 536 223**	**3 033 524**	**3 504 345**	**3 714 606**	**3 937 483**	**4 173 731**
Services	1 563 769	2 610 867	3 056 329	3 239 709	3 434 092	3 640 137
Agency	972 454	422 657	448 016	474 897	503 391	533 594
Less: Cost of sales	**2 632 523**	**2 337 229**	**2 369 472**	**2 473 825**	**2 767 814**	**3 099 129**
Agency	916 174	412 620	437 336	463 435	491 306	520 742
Labour Direct	1 098 163	1 175 034	1 245 537	1 320 268	1 399 485	1 483 454
Service Delivery Expenses	-	41 126	43 594	46 209	48 982	51 921
Depreciation	579 117	665 536	583 755	581 172	763 535	976 754
Gross Profit	**(96 300)**	**696 295**	**1 134 873**	**1 240 781**	**1 169 669**	**1 074 602**
Gross Margin %	**-4%**	**23%**	**32%**	**33%**	**30%**	**26%**
Gross Margin: Agency	56 279	10 036	10 680	11 462	12 085	12 852
Gross Margin: Agency %	6%	2%	2%	2%	2%	2%
Gross Margin: Services	(152 580)	686 258	1 124 194	1 229 318	1 157 584	1 061 750
Gross Margin: Services % -	-10%	26%	37%	38%	34%	29%
Operating Expenses	**395 653**	**505 702**	**555 755**	**607 788**	**614 919**	**624 557**
Marketing	10 958	51 328	49 702	52 528	55 518	58 682
Labour Indirect	248 586	224 123	247 315	263 589	280 798	298 984
Augmentation /Staff capacitation	-	7 844	8 656	9 225	9 828	10 464
Depreciation	21 549	37 948	29 394	37 367	45 812	54 756
Research and Development	8 780	10 500	11 129	11 796	12 502	13 252
Other Indirect Costs	105 780	173 959	209 559	233 283	210 461	188 419
Other income	-	47 189	32 788	34 427	36 149	37 956
Operating Surplus (Deficit)	**(491 953)**	**237 782**	**611 906**	**667 420**	**590 899**	**488 001**

10.2 Infrastructure

Programme 2 : Infrastructure						
Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Gross Revenue	**2 883 613**	**3 202 576**	**3 105 920**	**3 292 275**	**3 489 811**	**3 699 200**
Services	2 797 716	3 130 376	3 029 388	3 211 151	3 403 820	3 608 049
Agency	85 897	72 200	76 532	81 124	85 991	91 151
Less: Cost of sales	**1 529 258**	**2 273 104**	**2 517 028**	**2 705 776**	**2 722 474**	**2 720 468**
Agency	97 281	72 200	76 573	81 309	86 123	91 332
Labour	250 243	267 760	283 826	300 855	318 906	338 041
Augmentation/Staff capacitation	-	9 372	9 934	10 530	11 162	11 831
Service Delivery Expenses	1 046 486	1 766 168	1 993 861	2 151 092	2 132 666	2 093 220
Depreciation	135 248	157 604	152 834	161 990	173 617	186 044
Gross Profit	**1 354 355**	**929 472**	**588 892**	**586 499**	**767 337**	**978 732**
Gross Margin %	**47%**	**29%**	**19%**	**18%**	**22%**	**26%**
Gross Margin: Agency	(11 383)	0	(41)	(185)	(132)	(181)
Gross Margin: Agency %	-13%	0%	0%	0%	0%	0%
Gross Margin: Services	1 365 739	929 473	588 933	586 685	767 469	978 913
Gross Margin: Services %	49%	30%	19%	18%	23%	27%
Operating Expenses	**73 009**	**307 220**	**246 378**	**234 259**	**274 347**	**316 880**
Labour Indirect	12 149	34 967	29 489	28 247	26 789	25 099
Augmentation/Staff capacitation	-	1 224	1 032	989	938	878
Depreciation	15 808	17 388	18 519	19 722	21 004	22 370
Other Indirect Costs	45 052	253 641	197 338	185 301	225 616	268 533
Operating Surplus/(Deficit)	**1 281 346**	**622 252**	**342 514**	**352 240**	**492 990**	**661 852**

10.3 Procurement

Programme 3 : Procurement						
Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Operating Expenses	**118 947**	**76 990**	**81 951**	**84 889**	**87 590**	**90 227**
Labour Indirect	27 381	24 551	23 524	24 066	24 605	25 141
Augmentation/Staff capacitation	-	859	823	842	861	880
Depreciation	5 596	6 156	6 556	6 982	7 436	7 919
Other Indirect Costs	85 970	45 424	51 048	52 999	54 688	56 279
Operating Surplus/(Deficit)	**(118 947)**	**(76 990)**	**(81 951)**	**(84 889)**	**(87 590)**	**(90 227)**

10.4 Industry

Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Operating Expenses	**34 672**	**27 073**	**28 190**	**30 190**	**32 130**	**34 097**
Marketing	-	115	178	191	204	218
Labour Indirect	6 436	3 493	3 751	4 031	4 331	4 654
Augmentation/Staff capacitation	-	122	131	141	152	163
Depreciation	8	9	9	10	11	11
Other Indirect Costs	28 228	23 334	24 121	25 817	27 432	29 051
Other income	-	(101)	-	-	-	-
Operating Surplus/(Deficit)	**(34 672)**	**(27 174)**	**(28 190)**	**(30 190)**	**(32 130)**	**(34 097)**

10.5 Financial Sustainability

Programme 4: Financial Sustainability						
Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Gross Revenue	**-**	**685 039**	**726 142**	**769 710**	**815 893**	**864 846**
Agency	-	685 039	726 142	769 710	815 893	864 846
Less: Cost of sales	**2 870**	**640 514**	**679 339**	**720 189**	**763 491**	**809 412**
Agency	-	637 571	675 825	716 375	759 357	804 919
Labour Direct	2 656	2 842	3 013	3 193	3 385	3 588
Augmentation/Staff capacitation	-	99	105	112	118	126
Service Delivery Expenses	213	1	10	-	-	-
Depreciation	1	1	406	509	631	779
Gross Profit	**(2 870)**	**44 525**	**46 802**	**49 521**	**52 402**	**55 434**
Gross Margin %	**0%**	**6%**	**6%**	**6%**	**6%**	**6%**
Gross Margin: Agency	-	47 468	50 316	53 335	56 535	59 927
Gross Margin: Agency %	0%	7%	7%	7%	7%	7%
Gross Margin: Services	(2 870)	(2 943)	(3 514)	(3 814)	(4 135)	(4 492)
Gross Margin: Services %	0%	0%	0%	0%	0%	0%
Operating Expenses	**290 287**	**326 761**	**341 438**	**368 148**	**394 495**	**421 788**
Marketing	1	3	4	4	4	5
Labour Indirect	90 986	115 442	121 005	128 761	137 052	145 918
Augmentation/Staff capacitation	-	4 041	4 235	4 507	4 797	5 107
Depreciation	6 039	6 643	7 074	7 534	8 024	8 545
Other Indirect Costs	193 261	200 634	209 120	227 342	244 618	262 213
Other income	3 896	36	-	-	-	-
Operating Surplus/(Deficit)	**(289 261)**	**(282 200)**	**(294 636)**	**(318 627)**	**(342 093)**	**(366 354)**

10.6 Organisation, Governance, and Administration

Programme 5: Organisation, Governance and Administration						
Description	Forecast	Proposed Budget	Estimate			
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
	R'000	R'000	R'000	R'000	R'000	R'000
Operating Expenses	**203 196**	**342 059**	**427 292**	**456 597**	**485 305**	**514 573**
Marketing	8 734	11 500	16 894	18 065	19 311	20 636
Labour Indirect	105 670	123 018	132 044	141 862	152 414	163 753
Augmentation/Staff capacitation	-	4 306	4 621	4 965	5 335	5 731
Depreciation	390	2 153	3 363	3 494	3 630	3 770
Training	11 128	49 281	52 238	55 372	58 694	62 216
Research and Development	-	200	213	227	242	257
Other Indirect Costs	77 274	151 601	217 919	232 612	245 679	258 210
Other income	-	(1 151)	-	-	-	-
Operating Surplus/(Deficit)	**(203 196)**	**(343 210)**	**(427 292)**	**(456 597)**	**(485 305)**	**(514 573)**

Abbreviations

APP	Annual Performance Plan
AG	Auditor General
AI	Artificial Intelligence
CEO	Chief Executive Officer
COGTA	Department of Cooperative Governance and Traditional Affairs
CSIR	Council of Scientific and Industrial Research
DCT	Department of Communication and Telecommunications
DBC	Department of Basic Education
DHA	Department of Home Affairs
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DTPS	Department of Telecommunications and Postal Services
DHET	Department of Higher Education and Training
GITOC	Government Information Technology Officers Council
ESD	Enterprise Supplier Development
GPCE	Government Private Cloud Ecosystem
GDTS	Government Digital Transformation Strategy
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
HCM	Human Capital Management
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IMC	Inter-Ministerial Committee
IT	Information Technology

MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
VNF	Vendor Neutral Facility
NPC	National Planning Commission
NT	National Treasury
OEMs	Original Equipment Manufacturer
OHI	Organisational Health Index
PFMA	Public Finance Management Act
SA	South Africa
SALGA	South African Local Government Association
SDN	Software Defined Networks
SMME	Small, Medium and Micro Enterprises
SCM	Supply Chain Management
SITA	State Information Technology Agency
SOE	State-Owned Entity
SOC	Security Operation Centre
UN	United Nations
OEM	Original Equipment Manufacturers
OHI	Organisational Health Index
SMART	Specific Measurable Achievable Realistic Timebound

Notes

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