

**STATE INFORMATION TECHNOLOGY AGENCY SOC LIMITED**  
**SITA 2015-2019 STRATEGIC PLAN**

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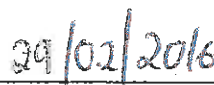
## Approval

The signatories hereof, being duly authorised thereto, by their signatures hereto authorise the execution of the work detailed herein, or confirm their acceptance of the contents hereof and authorise the implementation/adoption thereof, as the case may be, for and on behalf of the parties represented by them.

It is hereby certified that this 2015 review of the Strategic Plan (2015-2019) was developed by the management and adopted by the Board of the 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.



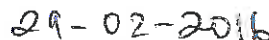
Chief Financial Officer: R Rasikhinya



Date



Chief Executive Officer: Dr S Mohapi



Date



Chairperson Board of Directors (Acting): Z Nomvete



Date

## Foreword

### Executive Authority overview

The Department of Telecommunication and Postal Services' (DTPS) focus is to grow a vibrant ICT sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socio-economic development goals and support the Africa agenda and contribute to building a better world. Central to the DTPS' mandate is the promotion of universal access by all South Africans to essential government and other life-enriching services delivered cost-effectively and efficiently by a capable state as envisaged in the National Development Plan (NDP).

President Zuma committed our nation to implementing the NDP and the National Broadband Policy (SA Connect) and continuing with our vision for a bolder, better South Africa. SA Connect and the NDP place the department in a position to coordinate and support the roll-out of broadband infrastructure and services across the country, to achieve 100% broadband penetration by 2020. In line with its current legislated mandate, The State Information Technology Agency (SITA) has a vital role to play in this regard.

Since its inception in 1999, SITA has been single-mindedly configured as a single point of entry for government to procure, develop and deploy ICT solutions, transform the digital capabilities of the state (e-Government) and help contribute to the creation and attainment of an efficient, effective and development-oriented public service that serves the citizens better and quicker. Established as a Schedule 3A public entity, SITA entered the ICT market as a critical player buoyed by the growing government ICT spend, to realise the economies of scale and neutralise the market forces in favour of a digitally connected and technologically enabled government that would bridge the digital divide and transform the apartheid economy which excluded the marginalised sections of the population.

We have as government decided that SITA shall become more focused on information technology procurement, e-government and data security. To this end it is envisaged that the Agency will ensure that Data Security will be in the foreground alongside ICT procurement e-government and the building of sustainable healthy organisation. The Agency is emerging from a difficult past with a strategy that places at its heart improved management of the procurement regime for the state ICT, acceleration of the implementation of integrated e-Government services, improvement of the security control environment around government ICT systems and creation of a high-performance organisation. Integral to the achievement of the above, is the recapitalisation of the ageing infrastructure which has become incongruent with the vision of both SITA and the government.

In line with the 2016 Presidential State of the Nations Address (SONA), SITA is committed to enabling Government to implement the cost containment measures, specifically in respect of procurement of ICT goods and services. We will be monitoring there compliance as part of our oversight.

In the 2015 Budget Vote Speech by then Minister of Finance, Hon. Nhlanhla Nene, SITA was assigned the responsibility to develop a central tender portal by 1 April 2015. This was completed on time. In the 2016 Budget Vote Speech by Minister of Finance, Hon Pravin Gordhan, it is required that all entities in future procure centrally through an enhancement of this portal to give effect to procurement transactions. We expect that SITA will work with the relevant Government departments to design an enhancement to the procurement portal and create an enabling environment for all Government departments to give effect to the call by the Honourable Minister.

We are looking forward to working with SITA to transform the agency into a world-class government ICT organisation in the next five years.

*Dr Siyabonga Cwele MP  
Minister of Telecommunications and Postal Services*

## Overview by the Accounting Authority

SITA's goal is to continue to build and strengthen its innovation capability to be recognised as government's thought partner. Therefore the Board of Directors of SITA has continued engagements with Ministry and key stakeholders ensuring the realignment of SITA strategy.

SITA's delivery on its mandate remains a strategic imperative. The Agency has arrived at a crossroads of retaining its current customer base and attracting new customers. Revival of the organisation will hinge on SITA re-inventing itself, redesigning of its ICT and procurement services and an overall improvement of the organisational culture.

In respect of network services, and specifically broadband services to Government sites, we will align with the aspirations and requirements of the SA Connect policy in the execution of our current legislated mandate.

In response to the call to create an enabling environment for Government departments to extract cost savings on procurement of ICT goods and services, the Board has directed management to enhance its working relationships with the National Treasury Office of the Chief Procurement Officer, and proactively work on enhancing the current tender portal to create an enabling environment for automating of its procurement processes across Government. The creation of such a platform has always been part of our strategic roadmap, but given the national fiscal environment, and the cost containment contribution potential, we have directed management to implement this program with renewed urgency.

We are presenting a rather sombre but realistic financial plan that is free of material errors, practical in terms of our ability to execute on and that presents a fair picture of the state of the organization. The financial plan not only represents a significant point of departure in terms of its credibility but also enables us to focus on infrastructure stabilization and create a platform for more credible planning for our modernization programs.

SITA has heeded the call from the Shareholder for a focussed attention on infrastructure roll-out, the creation and acceleration of the expansion of e-Government services, and on ICT Security hence the Agency has developed a renewed approach and programme of action to radically improve e-Government in fulfilment of the Shareholder vision. We are now looking earnestly at our operating model, with a view of managing down the financial and execution risks, giving effect to the Shareholder's requirements to create better execution focus on e-Government, security and general ICT architecture based on formalized norms and standards, whilst maintaining control of delivery of our overall mandate to Government. In this respect, we will finalize the new operating model no later than the second quarter (Q2) of the financial year 2016/2017.

***SITA's five-year strategy is a milestone, signifying not the end of the road but rather the extent of the distance covered in positioning SITA as a customer-centric agency which plays a critical role in enabling public sector service delivery.***

Mr Zukile Nomvete  
Chairperson SITA Board of Directors (Acting)

## Overview by the Managing Director

I am confident that SITA has delivered an organisational strategy that will ensure that the Agency delivers according to its mandate. Now that the strategy is embedded in operations across the organisation it is crucial that we deliver according to our strategic promise. SITA must execute upon the initiatives outlined in this strategy. I have a dedicated, skilled and highly knowledgeable leadership team to execute the strategic plan.

SITA's mandate is to be the lead ICT agency to government, but this mandate is not enough; we must ensure that we offer value to our stakeholders so that the agency is top of mind whenever solutions are required by government. Our customers have made it known to us that our procurement processes are too lengthy, they are manual and tenders are cancelled too often whilst prices are still too high when compared with similar services offered in the industry. SITA has listened to its customers and is in the process of transforming its supply chain processes and systems. SITA must deliver on e-Government in alignment with the MTSF outcomes. The agency must work in partnership with its customers in the design and build of integrated e-Government services. In terms of our mandate SITA will also ensure that ICT security and the implementation thereof is embedded in everything we do.

SITA will strengthen its collaboration with the office of the National Treasury Chief Procurement Officer to deliver on its mandate through the automation of procurement processes to improve efficiency of procurement and the efficiency of government and make significant input in the Government cost containment program for the mid-term planning period.

Furthermore the Agency has designed a comprehensive approach to implementing its procurement mandate in order to realise the intended economies of scale by government, improve efficiency, turnaround times and customer satisfaction while curbing fraud and corruption in its practices.

Delivering on integrated e-Government requires a strong foundation and SITA currently experiences challenges with out-dated infrastructure and data centres. This must be addressed immediately to ensure effective service delivery to our customers.

The leadership of SITA is cognisant of the challenges identified in the Organisational Health Index survey. Going forward, SITA will place emphasis on culture and climate, accountability, coordination and control, capabilities and motivation in the drive to create a high-performance organisation.

I am confident that the strategy addresses the key imperatives required to transform the agency and that execution and coordination are the key ingredients to deliver results over the next five years.

*Dr Setumo Mohapi*  
*Chief Executive Officer*

## References

State Information Technology Agency SOC Ltd, 2015 -2018 Strategic Plan rev 1.0 – SITA CEO [eSSPP-00005 – 2015-04-23]  
DTPS 2015-2019 strategic plan  
NDP 20130  
Gov MTSF 2015-2019  
SONA 2016  
Budget Vote 2016

## Amendment history

<b>Revision</b>	<b>Date</b>	<b>Change request</b>	<b>Change comment</b>
1.0	2015-04-30	New document	First release
1.1	2016-01-31	Revised document	Second release
2.0	2016-02-26	Revised document	Third release

## Drafting tools

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## Context

The SITA strategic plan 2014-2019 was approved by the SITA Board of Directors on 28 April 2014 and the former SITA line Ministry the Department Public Service and Administration (DPSA) on 30 April 2014. The SITA executive powers were transferred from the DPSA to the DTPS as per Proclamation 47 on 15 July 2014 as illustrated below:



**Figure 1 – Proclamation 47**

## SITA STRATEGIC PLAN 2015-2019

The transfer of powers resulted in positive enhancements to the SITA strategic plan. The strategy clearly describes SITA's mandate and the implementation of the following key strategic priorities:

- a) Electronic Government
- b) ICT Security
- c) Procurement
- d) Core IT Services

The above mentioned strategic priorities are further supported by the following internal priorities:

- a) Building a healthy organisation
- b) Driving key business enablers

The figure below provides a description of the strategic priorities.



**Figure 2 – SITA’s strategic priorities**

SITA strategy is focused on information technology procurement, e-government and data security. SITA in collaboration with the Office of Chief Procurement Officer (OCPO) at National Treasury has embarked on an initiative to implement a public procurement integrated transversal e-Procurement system.

Furthermore SITA has designed a comprehensive approach to implement its procurement mandate in order to realise the intended economies of scale by government, improve efficiency, turnaround times and customer satisfaction while curbing fraud and corruption in its practices.

The core IT services priorities unpack and elaborate SITA’s role in driving e-Government and cyber security across the ICT space. This, together with dedicated focus on meeting customers’ needs while building a healthy and high performing organisation, will better position SITA to accelerate the implementation of integrated e-Government services and improvement of the security control environment around government ICT systems.

## Part A: Strategic overview

### 1. Vision, and mission statement

#### 1.1 Vision

The vision of SITA is as follows:

**“To be the lead Information and Communications Technology (ICT) agency in public service delivery”**

#### 1.2 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”**

#### 1.3 Values

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

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

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

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

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

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

**Innovation** – Pursue innovation by demonstrating thought leadership and proactive behaviour on the use of communication and information technology to enhance public service delivery.

### 2. Legislation and other mandates

#### 2.1 Legislation

SITA was established in terms of the SITA Act 88 of 1998 as amended and its mandate is informed amongst others by the recommendations of the Presidential Review Commission of 1998. In executing its role, SITA is also guided by all public services legislation and regulations.

## 2.2 Constitutional mandates

According to the Constitution of the Republic of South Africa of 1996, SITA as a public enterprise is subject to the following constitutional mandates as outlined in Chapter 10:

### **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.
- 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.

### **Section 217: Procurement**

- 1) When an organ of state in the national, provincial or local sphere of Government, or any other institution identified in the national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost effective.
- 2) 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:
  - a) Categories of preference in the allocation of contracts.
  - b) Protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.
- 3) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.



## 2.3 Legislative mandates

### 2.3.1 SITA Act 88 of 1998

SITA is listed as a Schedule 3A National Public Entity in terms of the Public Finance Management Act. 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:

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

Figure 3 provides a list of SITA's mandatory and non-mandatory services as defined in the SITA Act.



















SITA Mandatory Service	SITA Non-Mandatory Services
 <b>Private Telecoms Network</b> (Act, Sec 7(1)(a)(i))	 <b>Department ICT Training</b> Act .Sec 7(1)(b)(i)
 <b>Transversal Systems</b> (Act, Sec 7(1)(a)(ii))	 <b>Department Information System Development</b> Act. Sec 7(1)(b)(ii)
 <b>Transversal Data Processing</b> (Act, Sec 7(1)(a)(iii))	 <b>Department ICT Maintenance</b> Act, Sec 7(1)(b)(iii)
 <b>Information System Security</b> (Act, Sec 6(a))	 <b>Department Data Processing</b> Act, Sec 7(1)(b)(iv)
 <b>Disaster Recovery Plan</b> (Regulation, Sec 4 1.2)	 <b>Advisory Services</b> Act, Sec 7(1)(b)(v)
 <b>Procurement</b> (Act, Sec 7(3))	 <b>ICT Management Services</b> Act, Sec 7(1)(b)(vi)
 <b>Standards (Interoperability &amp; Security)</b> (Act, Sec 7(6)(a)(i),(ii))	 <b>Provide Authentication products</b> Act, Sec 7(6)(c)
 <b>Certify against Standards</b> (Act, Sec 7(6)(b))	 <b>Do ICT Research</b> Act, Sec 7(6)(d)
 <b>IS Convergence Strategy</b> (Regulation, Sec 4.1.1 (a))	
 <b>Information System Inventory</b> (Regulation, Sec 4.6)	
 <b>Research Plan</b> (Regulation, Sec 4 4 1)	

Figure 3 – SITA's Mandatory and non-mandatory services

## 2.4 Policy mandates

### 2.4.1 Presidential Review Committee (PRC)

The PRC of 1998 highlighted the need for a centralised Information Technology Systems agency of Government on the basis of challenges identified at the time. These included the following:

- a) lack of clear roles, responsibilities and coordination for information technology (IT) in the public sector;
- b) incompatibility of systems and architecture;
- c) wastage of resources; and



- d) lack of IT knowledge and skills and the fact that IT was not driven by the business processes of government.

The PRC recommended the establishment of a lead agency to deal with the procurement of IT goods and services, the use of economies of scale to reduce the cost of IT, the enhancement of government productivity through IT as well as focusing government IT procurement towards the betterment of citizen-centric services.

## 2.4.2 SOC rationalisation recommendations

The table below provides recommendations of the SCOC rationalisation programme.

**Table 1 – SOC rationalisation recommendations**

1.	SOC Rationalisation comply with Legislative prescripts	Refer Regulatory Framework as developed by the DTPS SOC Rationalisation Technical Committee
2.	<b>Reduce unnecessary duplication.</b> To reduce unnecessary duplication of services and products across SOCs to optimise the utilisation and investment in government resources in line with Medium Term Strategic framework	<ul style="list-style-type: none"> <li>a) Develop a comprehensive ICT Service Reference Model (including ICT services and products)</li> <li>b) Each SOC's existing Services and Products must be mapped onto the Service Reference Model, indicating SOC capacity per service, geographic presence per service and customers per service.</li> <li>c) Determine duplication and gaps from the integrated Service Reference Model.</li> <li>d) For each duplication (contending service), identify whether the contest is geographic or customer base or both.</li> <li>e) Determine whether services must be provided by SOCs or by Industry.</li> <li>f) Some duplication may be necessary for security or redundancy reasons.</li> <li>g) Possible merger of SOCs where there is duplication of service and geography and customer.</li> <li>h) Prioritise capacity building in line with MTSF.</li> <li>i) Plan what to do with service gaps (government or Industry growth plan).</li> </ul>
3.	Improved co-operation and efficiency between SOCs	Establish Inter-SOC agreements (back-to-back) to respond more efficiently to service delivery demands (less "red-tape")
4.	Stimulate ICT economy	<ul style="list-style-type: none"> <li>a) Some services must be allocated to Industry to stimulate economic growth and attract Foreign Direct Investments.</li> <li>b) Some services (e.g. ICT Security) are inalienable from government and must be provided by government.</li> <li>c) Industry must be stimulated through competitive bidding.</li> <li>d) Review PPP regime to be more Industry "friendly" (this may require longer term contracts with private investments).</li> </ul>

## 2.4.3 Broadband (SA Connect) Alignment

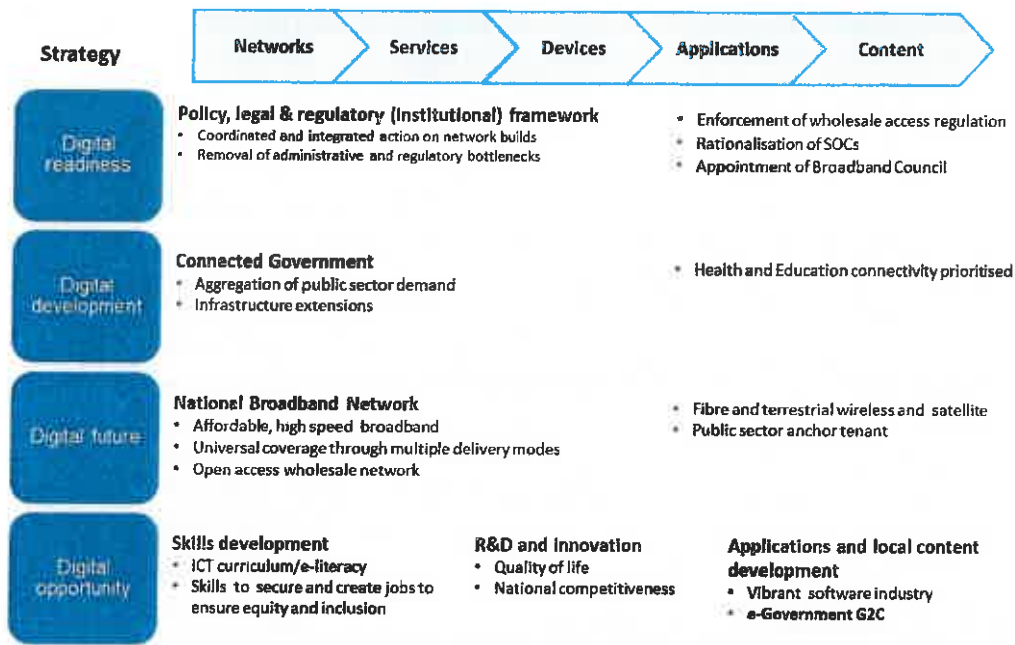


Figure 4 – Broadband (SA Connect) Alignment

### 2.4.3.1 SITA alignment (per Broadband Programme)

SITA has worked with the DTPS to define areas within the SA Connect programme where SITA can contribute effectively.

### 2.4.3.2 Programme 1. Digital Readiness (Institutional Framework)

- Participate in Broadband Council (to strengthen SITA mandate and inputs to ICT Policy Review process).
- Review SITA Regulations (include Broadband to Public Sector in line with Broadband Policy).
- Provide data analysis on Public Sector connectivity, hosting centres and e-Government applications.

### 2.4.3.2.1 Programme 2. Digital Development (Connected Government)

- Prioritise Government-NGN connectivity project in collaboration with Public Sector ICT Portfolio owners and Telco Partners for DBE (Schools), NDOH (Clinics) and SAPS (Police stations).
- Review Network partnering, costing and pricing models to provide fair price.
- Upgrade SITA Infrastructure to create capacity for data processing and data sharing.

### 2.4.3.2.2 Programme 3. Building a Digital Future (National Broadband Network)

Launch Public Sector Network consolidation programme to identify and pool/share common network infrastructure in line with security considerations.

### 2.4.3.2.3 Programme 4. Realising Digital Opportunity (Skills, R&D, e-Government)

- Continue with e-Government G2C Programme (i.e. e-forms, e-service requests, e-notifications) to enable better service delivery by Public Sector to citizens and business.
- Strengthen and align SITA ICT Innovation and Research programme.
- Finalise SITA ICT Skills and Capacity building programme (prioritise Network engineering).
- Review ICT Procurement Contracting policy to promote ICT SMME development.

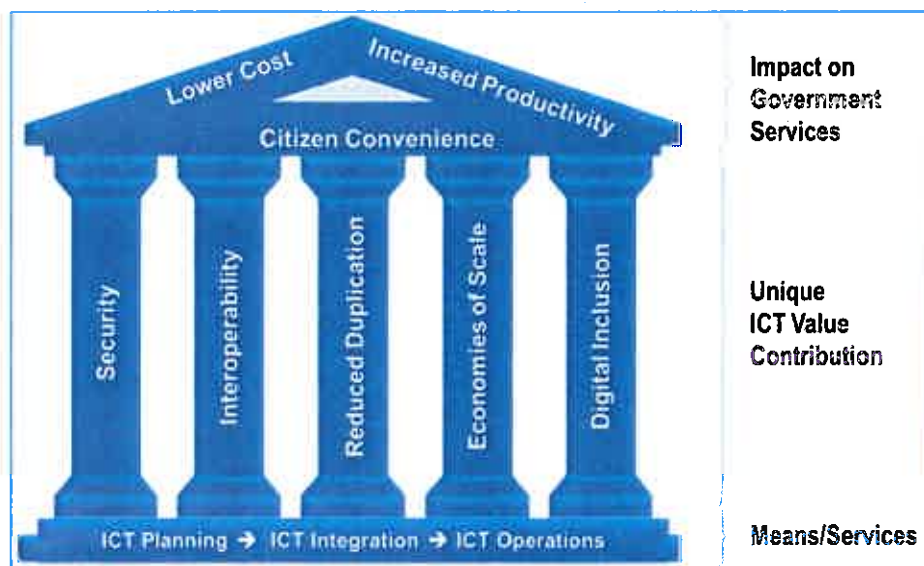
## 2.4.4 DTPS Priorities – SITA Plan/Mandate alignment

No	DTPS Priorities	SITA Role/Initiative	SITA Mandate
1.1	Broadband Policy & Regulatory	a) SOC Rationalisation b) ICT Policy Review	a) Proclamation 47-2014 b) Executive Authority Request
1.2	Broadband Connected Government	a) Govt VPN Project b) SITA Data Centres c) Disaster Recovery	a) Act s.7(1)(a)(i) - Govt VPN b) Act s.7(1)(a)(iii) and (b)(iii) - Data Processing c) Reg 4.1.2 - Disaster Recovery
1.3	Broadband National Broadband	N/A	N/A
1.4	Broadband: Skills Development	a) SITA HR Capacity prog	a) Act s.14 - Staffing b) Skills Development Act
1.5	Broadband: R&D	a) R&D Initiative	Act s.7(6)(d) - Research
1.6	Broadband: Applications, and e-Government	a) e-Government b) Application Development	a) Act s.7(1)(a)(ii), s7(1)(b)(ii), s7(1)(b)(iii) - Transversal and Dept Applications provision, maintenance and Support b) E-Government Policy (SITA has implementation mandate)
2	Cost to Communicate	See 1.2	Act s.8(a) and (b) - Economies of Scale and reduce duplication
3	Cybersecurity	ICT Security	a) Act s.6, s.7(6)(a) and (b): Secure Environment & Stds
4	Radio Frequency Spectrum	N/A	N/A
5	ICT Policy Review	See 1.1	See 1.1
6	PostBank Corporatization	N/A	N/A
7	E-Skills	See 1.4	See 1.4

**Figure 5 – DTPS Priorities –SITA Plan/Mandate Alignment**

## 2.4.5 ICT House of Values

- a) The DPSA formulated the ICT House of Values that defined the role and focus of SITA in the context of a Government-wide IT strategy. The ICT House of Values is depicted in Figure 6.



**Figure 6 – ICT House of Values**

- b) Government ICT House of Values comprises of foundational values, pillars and "roof" and can be defined as follows:
- c) The "Roof" signifies the impact of ICT on public sector operations, which are:
  - i) **Lower costs** – by reducing time, complexity, repetition and duplication of tasks.
  - ii) **Increased productivity** – by improving the quality and quantity of traditional public sector outputs or introducing new processes to deliver services that were previously not possible.
  - iii) **Citizen convenience** – (Batho Pele Principles for information oriented services) by offering equal access to Government information services quality and privacy, remedying failures and proving value for money.
- d) The "Pillars" signify the principles that must guide the value that SITA should contribute to the public sector ICT acquisition, which are:
  - i) **Information Security** - ensure that information systems operate in a maintained security environment, set standards for security and certify compliance of goods and services with those standards.
  - ii) **Interoperability** – ensure that information systems can interconnect and exchange data by setting standards for interoperability and certify goods and services for compliance with those standards.
  - iii) **Reduce Duplication** – eliminate unnecessary duplication of ICT goods or services, and compile and maintain an up-to-date inventory of all information systems of departments.
  - iv) **Economies of Scale** – leverage economies of scale to provide cost-effective service (i.e. use collective purchasing power of department to negotiate lower unit prices from industry)
  - v) **Digital Inclusion** – by promoting the South African information technology industry, with a particular emphasis on BBBEE, labour absorption, and stimulation of economic growth and skills development in ICT of especially poor communities in South Africa.
- e) The "Foundation" signifies the broad category of the means by which SITA should contribute to the ICT House of Value, which are:
  - i) ICT planning – set direction for ICT and to validate/certify conformance to and performance thereto.
  - ii) ICT integration – provide and develop ICT systems and technology infrastructure into integrated ICT solution.
  - iii) ICT operations – ensure that ICT systems and technology infrastructure are maintained in a reliable, available and secure environment.

## 2.5 Relevant Court Rulings

There are currently no court rulings which directly impact on SITA's mandate.

## 2.6 Role of ICT in the South African Public Service

- a) The role of ICT in the public service in South Africa is to ensure Government modernisation, service delivery innovation, citizen access to Government services, and citizen service participation in promoting the democratic process. The responsibility to ensure that IT delivers the aforesaid values has been given to the Ministry of Public Service and Administration (MPSA). The Minister, in terms of the Public Service Act, is responsible for establishing **norms and standards** relating to:
  - i) information management in the public service; and
  - ii) electronic Government
- b) The following are key roles to ensuring the delivery of IT in Government, namely:
  - i) **Government Chief Information Officer (GCIO)**
    - 1) To give effect to the aforesaid responsibilities of the MPSA, the Government Chief Information Officer position and Office of the GCIO (OGCIO) were

established within the Department of Public Service and Administration (DPSA). They are responsible for the development of Information Technology (IT)/Information Management (IM) policies, regulations, standards and norms. The OGCIO is responsible for the Secretariat function of the Government Information Technology Officers Council (GITOC).

ii) **Government Information Technology Officer (GITO)**

- 1) The GITO is responsible for aligning IT and IM with the strategic direction of a department. The GITO is responsible for ensuring a flow of information on which decisions are made both within the department and the GITOC. This is to ensure that the interest of the department is represented in the GITOC and is informed and updated on the strategic direction of IT/IM within the public service.
- 2) The GITO Council's responsibility is to facilitate change in Government by introducing an effective information management strategy and a coordinated and consolidated information technology system that would be accessible to all Government departments.

The delivery of the SITA mandate is dependent on the successful execution of the above-mentioned roles and responsibilities by the respective stakeholders.

SITA has assigned representatives to the GITO Council to ensure strategic alignment of functions whilst the GCIO has been appointed as a SITA Board member.

## 2.7 Government priorities

### 2.7.1 Policy developments

The Public Administration and Management Act (Act 11 of 2014) that was signed into law on 22 December 2014, provides for a single public service policy framework and assigns new responsibilities to heads of departments regarding ICT. In particular, section 14 of the Act states that heads of institutions must

- (a) acquire and use information and communication technologies in a manner which—
  - (i) leverages **economies of scale** to provide for cost-effective service;
  - (ii) ensures the **interoperability** of its information systems with information systems of other institutions to enhance internal efficiency or service delivery;
  - (iii) **eliminates unnecessary duplication** of information and communication technologies in the public administration; and
  - (iv) **ensures security** of its information systems;
- (b) use information and communication technologies to **develop and enhance the delivery of its services** in the public administration;
- (c) align the use by staff of information and communication technologies to achieve **optimal service delivery**; and
- (d) **promote the access to public services** through the use of information and communication technologies.

This legislation will impact on SITA's mandate and operations as indicated in the SITA Act and require a review thereof which is currently underway.

The *National Integrated ICT Policy Green Paper* was issued by the former Department of Communications for public comment. The National Integrated ICT Policy Green Paper essentially raises questions on how the future policy framework can ensure that the country is able to meet its objectives and reap the full benefits of ICT convergence, with the ultimate aim of bridging the digital divide. Special focus is placed on how best South Africa's competitiveness globally can be strengthened, achieving Universal Service and Access to infrastructure and services by all South Africans, transforming the sector to ensure diverse ownership and management, ensuring the development and dissemination of local content, address competition related issues, building the required skills, being an effective regulator.



The green paper also presents a detailed review of the broadcasting, postal, telecommunications, e-Government and electronic commerce markets, and developments in the sectors since the adoption of the current policies. It deals with issues of investments in the sector, the skills gaps and issues around human resources development. It looks at *institutional arrangements* and different responsibilities of various organs of state and regulatory agencies. It then identifies gaps, barriers and bottlenecks that must be resolved in the future. It asks questions on how policy should be framed in order to deal with the various issues that must be subject to policy determination. In summary the National Integrated ICT Policy Green Paper asks how the Information and Communications Technologies can be used to advance the developmental agenda as envisaged by the National Development Plan 2030.

One of the issues that are being revisited through the Green Paper is the provisions of the Electronic Communications and Transactions Act (ECTA) of 2002. The ECTA highlighted the major areas of legislative and policy interventions in respect of e-commerce, cybercrime and cyber-security, and the development of a three-year national e-strategy. The provision for the national e-strategy covers issues such as e-Government services, roles and responsibilities, coordination, monitoring and implementation of the national e-strategy, research and development, as well as international coordination. These are issues pertinent to the implementation of SITA strategy.

The ICT Policy Discussion Paper which included all Government stakeholder inputs to the ICT Policy Green paper, was released by Minister of DTSP on 14 November 2014 for general comments and inputs by the public to be submitted in writing before 15 January 2015. SITA was afforded an opportunity by the DTSP in February 2015 to provide inputs to the ICT Policy discussion paper. The Agency saw this as a further opportunity to shape the ICT policy of Government and duly provided input to the department in March 2015.

### **2.7.2 National development plan 2030**

The performance environment is also driven by the Government priorities which are defined in the *National Development Plan 2030*. The NDP dictates fourteen (14) outcomes to be achieved within the 2014 to 2019 Medium Term Strategic Framework (MTSF). The contribution of SITA is defined (Outcome oriented outputs and goals) in Table 2 below and have been taken into consideration when defining the initiatives of the Agency in the SITA APP:

**Table 2 – Government Priorities**

<b>Government priorities</b>	<b>Outcome oriented outputs</b>	<b>Outcome oriented goals</b>
<b>Outcome 1:</b> Quality Basic education	<b>Output 1:</b> Improve the quality of teaching and learning	<b>Goal 1:</b> To provide high-quality IT services to enable Government to deliver efficient and convenient services through the use of ICT.
<b>Outcome 2:</b> A long healthy life for all	<b>Output 2:</b> Strengthen the health system effectiveness	<b>Goal 2:</b> To optimise the provision of SITA's IT infrastructure services in order increase availability, flexibility, scalability, predictability and security.
<b>Outcome 3:</b> All people in South Africa are and feel safe	<b>Output 3:</b> Improve effectiveness and ensure integration of the Criminal Justice System (CJS)	<b>Goal 3:</b> To address all issues relating to delayed procurement turnaround times, removing customer pain points, and transforming the procurement function.
<b>Outcome 4:</b> Decent employment through inclusive economic growth	<b>Output 4:</b> Secure the identity and status of citizens	<b>Goal 4:</b> To ensure an effective and efficient financial management and ensure financial growth and sustainability.
<b>Outcome 5:</b> Skilled and capable workforce to support an inclusive growth path	<b>Output 5:</b> Integrate ICT systems and combat cyber crime	<b>Goal 5:</b> To build and maintain organisational capability to enable SITA to achieve its strategic imperatives and becomes an employer of choice within the ICT industry.
<b>Outcome 6:</b> An efficient, competitive and responsive economic infrastructure network	<b>Output 7:</b> Improved cost structure in the economy	<b>Goal 6:</b> To provide leadership, strategic management, governance, risk and resource management in line with government-accepted norms and standards.
<b>Outcome 7:</b> Vibrant, equitable, sustainable rural communities contributing to food security for all	<b>Output 8:</b> Improved support to small business and cooperatives	
<b>Outcome 8:</b> Sustainable human settlement and improves quality of household life	<b>Output 10:</b> Increase access to programs leading to the and high-level learning	
<b>Outcome 9:</b> Responsive, accountable, effective and efficient local Government systems	<b>Output 11:</b> Research, development and innovation in human capital for a growing knowledge economy.	
<b>Outcome 10:</b> Protect and enhance our environmental assets and natural resources	<b>Output 13:</b> Improving competition and regulation	
<b>Outcome 11:</b> Create a better South Africa, a better Africa and a better world	<b>Output 15:</b> Improved rural services to support sustainable livelihoods	
<b>Outcome 12:</b> An efficient, effective and development of oriented public service	<b>Outcome Oriented Output 14:</b> Improve access to basic services.	
<b>Outcome 13:</b> Social protection	<b>Output 16:</b> Improve municipal financial and administrative capability	
<b>Outcome 14:</b> National building and social cohesion	<b>Output 17:</b> Single window of coordination	
	<b>Output 19:</b> Sustainable environmental management	
	<b>Output 20:</b> A better South Africa, a better Africa and a better world	
	<b>Output 21:</b> Service Delivery quality and access	
	<b>Output 22:</b> Human resource management and development	
	<b>Output 23:</b> Business process, systems, decisions rights and accountability	
	<b>Output 24:</b> Corruption tackled effectively	
	<b>Output 25:</b> Social floor/ benefit progress	
	<b>Output 26:</b> Social grant and wages	
	<b>Output 27:</b> Employment Equity	
	<b>Output 28:</b> Broad economic participation	
	<b>Output 29:</b> Promote citizen engagement	



### 2.7.3 Government ICT Strategy Priorities

The GITO Council was tasked by the Minister for Public Service and Administration to develop a *Government-Wide ICT Strategy (draft)*. Elements of the Government-Wide ICT Strategy priorities that are subject to finalisation by the MPSA are indicated in table 3 below:

**Table 3 – Government ICT Strategy Priorities**

<b>Programme</b>	<b>Objective</b>	<b>Outputs</b>
<b>1. Citizen Convenience</b>	1.1 Extend e-Government Service Delivery to Citizens.	a) e-Government (G2C) Policy and Strategy b) Public Service Catalogue (all departments) c) E-Service / e-Forms Portal to citizens d) Transversal e-Service Workflow engine e) E-Service centre of excellence
	1.2 Enable affordable access to Public e-Services (Digital Inclusion)	a) Rural Community Wireless connectivity b) Public Sector facility connectivity c) Local Government Connectivity d) SITA Quality of Service improvement e) Schools Connectivity f) Mobile applications for field service
<b>2. Integration</b>	2.1 Improve data integration and standardisation across Government.	a) Data Integration Strategy b) Government Data Reference Model c) Government Data Governance practice d) Master Data Management repository e) Data standardisation and Data integration bus infrastructure f) Service integration hub
	2.2 Improve Interoperability of Government Systems and technology	a) Revised Technical and Data Interoperability (MIOS) Framework b) Compliance practice enforced
	2.3 Improve service integration and standardisation across Government.	a) Service Interoperability Framework b) Service integration Guide
<b>3. Common Capability</b>	3.1 Improve Business Process Management Maturity across Government.	a) Business Process Management (BPM) Framework b) BPM Repository c) Business Process sharing across departments d) BPM Competency Centre
	3.2 Reduce Duplication and increase sharing of the transversal and common Information Systems and Technology across Government	a) Government Information System & Technology Register b) Central GWEA Board c) Central Project Register d) Convergence Strategy, Extend Transversal system pool e) Common Cloud Computing Strategy and Infrastructure f) Common Government Transversal ERP System (IFMS) g) Government e-Mail Services h) Core Apps to Cloud
	3.3 Optimise Government Next-Generation Network (NGN) and Hosting Centres	a) One common secure Government Network (NGN) – (VPN per dept., Bandwidth Upgrade, "Exit pricing") b) Consolidation of Hosting Centres & Disaster Recovery c) Super National + Provincial DCs (local shared service)
<b>4. ICT Economy</b>	4.1 Contribute to the country's ICT & SMME growth	a) Review ICT Supply Chain prescripts to provide preferential treatment to local ICT economy b) Implement strategic ICT Innovation with all public and private partners. c) FOSS standards framework d) FOSS office re-establish
<b>5. Governance, Leadership and Skills</b>	5.1 Improve ICT Governance maturity across the Public Sector.	a) Review the regulatory environment to strengthen ICT structures such SITA, PSICTM, GITOC, GITO b) Implement Corporate Governance for ICT

Programme	Objective	Outputs
		Framework c) Monitor impact of CGICT Framework
	5.2 Improve competency of ICT workforce	a) ICT Competency Framework b) Review remuneration dispensation for ICT workforce c) Introduce ICT curriculum in School of Government programme. d) ICT Practitioners forums
	5.3 Professionalise ICT Leadership	a) Establish CIO/ICT Leadership programmes in partnership with institutions
<b>6. Security</b>	6.1 Secure Government and public information	a) Development of Information Security strategy, framework and reference architectures b) Implementation of Information Security solutions (incl. PKI) c) Establishment Information Security Operations Centre d) Review MISS e) Information Security Policy f) Information Security Governance Board g) Monitor compliance with Security Policies h) Cyber Defence Strategy
<b>7. Cost Reduction</b>	7.1 Optimise cost of ICT operations.	a) Standard Value costing model and SLA for ICT services. b) Investment/Funding strategy for Government ICT c) Align to ICT House of Value d) Consolidate Transversal ICT Tender Contracts e) Central Large Project Authority and Register
	7.2 Review of the SITA Act in terms of serving Government ICT needs	a) Review ICT Procurement model b) Government Preferred pricing (economies of scale) c) Enterprise Agreements to cover ALL of Government
	7.3 Reduce Governments overall carbon footprint	a) Green IT Policy implementation b) E-Reading initiative (less printing)
<b>8. Performance Management</b>	8.1 Development of ICT Performance Management framework	a) ICT Performance Management framework based on CGICT b) ICT Performance Management Dashboard c) Review CIO role (less technical, more business)

## 2.8 Strategy development process

The Strategy Planning document is based on the SITA strategic planning cycle and processes guided by the National Treasury strategic planning framework. The strategic planning process begins in the month of June with emphasis placed on the execution of key deliverables. Inputs are consolidated from various key role players and stakeholders to ensure that the primary objectives, for which SITA has been established, are achieved.

This was performed through a number of coordinated activities, inputs and assessments of the changing ICT landscape. Over and above workshops with divisions, focus group discussions and surveys were conducted with employees to further solicit input to the strategy document. Input was also solicited from the GITOC and the ICT industry. The strategy document was tabled at the strategic planning session where management jointly participated in the formulation of the corporate strategic document. The final strategy document was presented to EXCO and SITA Board for approval and submission to the Minister of Telecommunications and Postal Services.

The implementation of the SITA strategy is conducted through the Annual Performance Plan (APP) which is monitored and measured through a Balanced Scorecard (BSC) methodology which measures and manages corporate performance. This methodology translates strategy into operational objectives to drive both behaviours and performance within SITA.

The translation of strategy is based on a cascaded process. The unique value added to the overall corporate performance by each division is also aligned with the stipulated outcomes. Through the balanced scorecard concept, SITA is able to monitor both its current performance and its efforts to improve processes, motivate and educate employees, and enhance information systems.

The four corporate balanced scorecard perspectives are as follows:

- a) **Financial:** financial sustainability.
- b) **Customer:** internal and external customer's outcomes, ultimately addressing citizen's requirements. This perspective captures the ability of SITA to provide quality goods and services, the effectiveness of their delivery, and overall customer service and levels of satisfaction.
- c) **Internal Business Processes:** the key process outputs to ensure that outcomes will be satisfactory. The key business processes ultimately lead to satisfied customers and SITA's financial success.
- d) **Learning and Growth:** the competencies of an employee, their usage of information through relevant process and technology systems, and the effects of organisational alignment in supporting accomplishment of SITA's objectives. It also deals with managing and minimising employee turnover, transformation, succession plans and capacity building.

### 3. External analysis

#### 3.1 ICT environment

The development of the strategic direction of SITA is derived from its mandate, Government priorities, and Government ICT priorities. However; factors from the ICT environment such as ICT demand drivers and the future of ICT needs in government also have a significant impact on SITA's strategic direction.

ICT plays a critical role in enabling governments to deliver services to their citizens and support their countries' economic competitiveness. The explosive growth of emerging technologies is set to increase the importance of the role that ICT plays, and it is imperative that governments not only recognise this but have a highly effective strategy in place to meet all customer needs.

ICT will continue to transform the global environment and SITA will be required to play an ever increasing role in assisting the South African Government in delivering basic services to its citizens through the effective use of information technology goods and services. The key trends driving the demand for ICT are Social and Collaboration applications; Information and Analytics; Mobile technologies, and Cloud computing. These technology drivers are defined as follows:

- a) **Social:** increased involvement by employees, customers and partners in business processes. Empowered and connected people will continue to collaborate. "Social" is today a given feature in any digital consumer service, but increasingly also being integrated in the eight to five daily work environment. This will drive an increased involvement by employees, customers and partners in business processes. As a result more organisations are able to rapidly infuse new information, insights and intelligence from the external environment making them more responsive and adaptive to a change.
- b) **Cloud:** IT will be designed and delivered as a Service (SaaS) from the Cloud. Cloud in its various forms will continue to transform the way we design, purchase, manage and deliver IT. Digital services and processes will increasingly be delivered in SaaS packaging, not only increasing organisations cost efficiency, but also enhancing vital parameters such as Time-to-Market and drive innovation and new services.
- c) **Information and Analytics:** putting the "I" back in IT. People will no longer forget that the "I" in IT stands for Information, and going forward more people will probably believe

it refers to Intelligence. The information and analytics enabled by IT is today helping the world to get smarter and will increasingly become a key source for competitive advantage.

- d) **Mobile:** mobilising transformed business processes. In the first wave of the information society most of the IT benefits were found in the process of digitalising business processes. The mobile world is today mobilising the very same business processes. Mobile-centric applications and interfaces are rapidly becoming the first choice when developing new applications and services.

The "Internet of Things" is ensuring that everything will have an identified address and accelerate the connected world. This change coupled with new technologies will provide great opportunities for organisations to not only distribute the current business processes in a mobile channel, but rather improve or transform them. New ways of doing business and working will be the result. Digital will continue to change businesses and transform industries.

Taking these trends into effect, a point has been reached where IT is not only expected to digitalise existing business processes, but also required to be the key driver of innovation and new services for today's organisations.

### 3.2 ICT demand drivers

The role of the Government ICT sector has grown significantly over the last 50 years, playing a larger role in user-oriented services (integrated service portals, multichannel customised services, etc.). Emerging technologies will only fuel a further increase in ICT spend and South Africa is no exception. SITA's strategic importance and ability to drive value will increase as emerging technologies are adopted:

- a) **Infrastructure as a Service (IaaS):** Customers require processing, storage, networks and other computing resources that can be used to run any software, including operating systems and operations. In short, customers do not have to manage or control the underlying physical infrastructure.
- b) **Bandwidth explosion:** Citizens and businesses require ever faster internet connections to run and use the applications. Creating an enabling environment requires network capacity.
- c) **E-Government services for citizens:** Digital tools and systems are used to provide better public services to citizens and businesses and improve communication with employees and departments/SOEs. E-Government also helps to improve operations and optimise service delivery.

The South African Government spends more on ICT services than the developing countries, 2.4% of total expenditure, which is more than twice that of other BRICS and developing countries (1% each). However, its ICT services are much less effective and economical. In 2008, South Africa ranked 61 on the global e-Government scale. As of 2012, the country had fallen to position 101, a dramatic drop of 40 places and slightly improved over the past two years to position 93 according to the same e-Government survey of 2014.

In the 2014/15 financial year, the government ICT expenditure was accounted in SITA's books as follows:

- a) Total National and Provincial Departments ICT expenditure was R 17 544 989 326 of which R 4 974 797 798 was spent on SITA services.
- b) At a District & Local Authority level a total of R 186,166,476 was spent on SITA services.
- c) An additional R39 726 431 was received Educational Institutions, Private Companies dealing with Government through SITA and as sponsorships for Govtech.

SITA has the potential to play a much bigger role in helping South Africa deliver its IT ambitions. A closer look at Government IT spend shows that 90% of the IT services could potentially be provided or sourced through SITA (for example, the top three lines of Government spend on IT services are internet services, fixed network and desktop product



support), which can contribute to cost-effectiveness, service delivery and citizen convenience. Despite this opportunity, SITA's revenue is still highly concentrated in four major services (desktop management, hosting, WAN and application maintenance) and supported by five key customers. These services do not fully address the areas of Government spend that require ICT goods and services.

#### **4. Internal service delivery environment**

Since its inception in 1999, SITA has been faced with a number of challenges in delivering on its mandate as stated in the SITA Act of 1998.

Customer satisfaction was rated at 35% in 2013, and all core elements are rated below 40%. Provincial and local departments are much more dissatisfied than national departments (30% vs. 43%). The situation of service delivery to clients has deteriorated to such an extent that many customers have asked or are considering asking Parliament for an exemption from using SITA's services.

The low customer satisfaction stems from the following key organisational challenges:

- a) Procurement;
- b) IT Service Delivery Capability and Capacity; and
- c) Organisation and Human Capital issues.

Previous attempts to adequately resolve these challenges have been unsuccessful mainly because of frequent leadership changes, lack of clear strategic direction and focus, and overlapping solutions. Strategic programmes implemented did not produce the desired outcomes and programmes were domain-specific projects, not including a holistic view of SITA's operations. SITA has now placed renewed emphasis on improving the organisations engagement model by exploring various engagement channels with the customer as well as improving systems and business processes to capture and track customer issues.

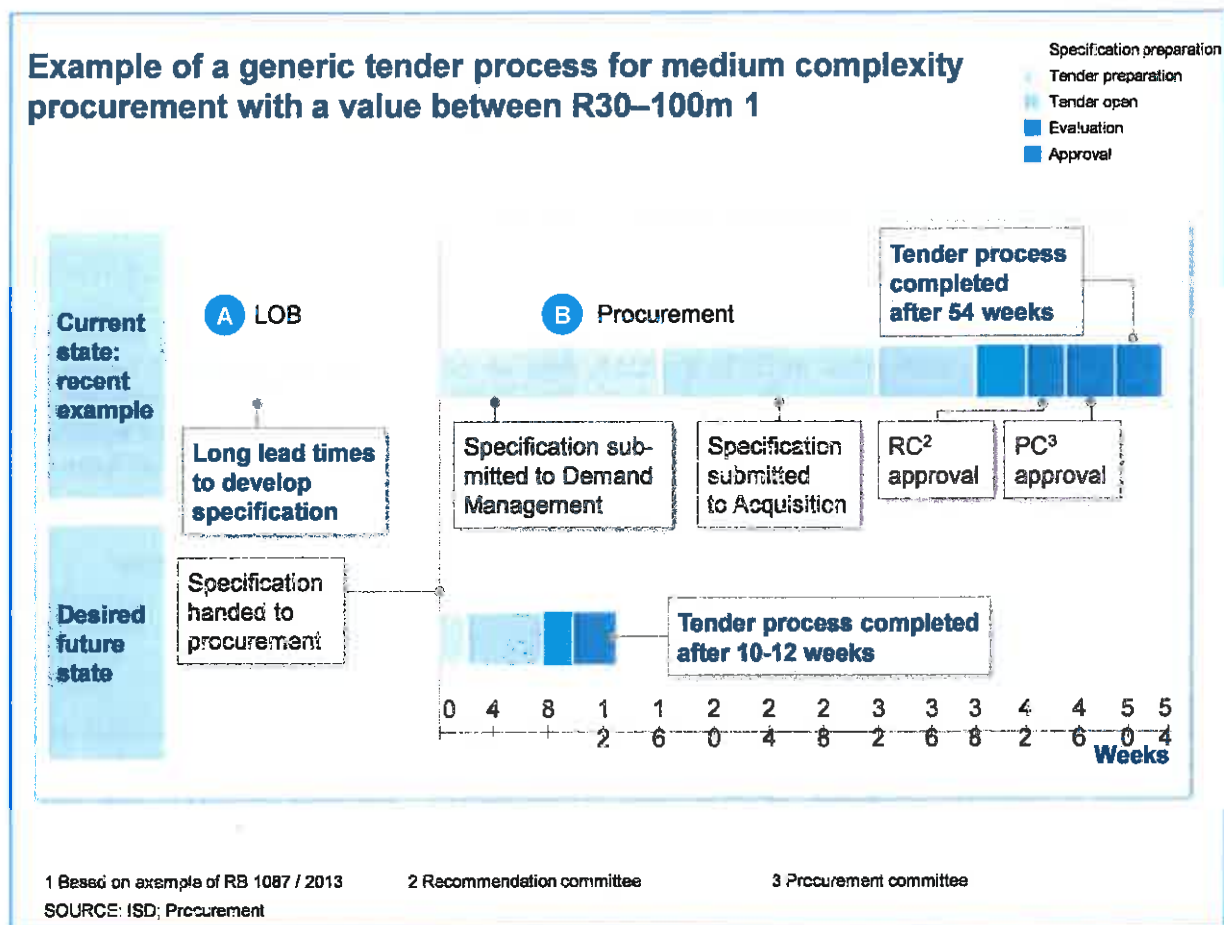
##### **4.1 Procurement**

Procurement continues to be one of SITA's major problems that hinder the organisation from fulfilling its mandate in terms of delivering effective services to its clients. Key procurement challenges include operational inefficiencies characterised by inconsistent and often times overly long procurement cycles, vulnerability to fraud and corruption, limited development opportunities to drive the transformation agenda in the ICT industry, high prices for goods/services procured and lack of a skilled procurement workforce.

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

- a) Long delivery time frames: some requests take over a year to complete;
- b) Clients are locked into contracts long after the contract has expired, and contracts are repeated up to five times for the same client;
- c) 50% of all tenders are cancelled without explanation;
- d) Poor communication leads to customers not being informed that tenders are concluded;
- e) Lack of automated systems results in contracts expiring before new procurement processes are concluded, this results in deviations from standard Procurement processes or irregular expenditure;
- f) Goods/services procured are costly because SITA is unable to leverage economies of scale; and
- g) Multiple contracts are issued for the same services.

In particular, tender turnaround times are much longer than they need to be, with some requests taking more than a year to complete. Figure 7 - Tender process duration is a comparison of the length of the procurement process today (54 weeks) with the desired state (12 weeks). It also identifies that delays are compounded by process inefficiencies and by a series of additional process steps in the tender preparation and approval phase.



**Figure 7 – Tender process duration**

Since the implementation of the SITA strategic plan during financial year 2014/15, SITA introduced a new measure of its procurement turnaround times by measuring the frequency in which the organisation is executing tenders in line with the agreed target with the clients. Currently, the target turnaround for the completion of tenders differs based on the complexity and the value of transaction, whereas majority of transaction sit around target turnaround time of 90 days (12 weeks). Turnaround times performance to date for financial year 2015/16 shows that the organisation complete about 55% of the tenders within the targeted turnaround time. The plan is to achieve 65% target for FY 2015/16 and 70% for FY 2016/17

Poor quality and timely delivery of specifications and a lack of process efficiency, transparency and skills severely hamper the procurement process. SITA aims to make the procurement process efficient and sustainable.

To address the procurement challenges, it will be necessary to improve the quality of specifications, segment the procurement process, and build a procurement organisation to support the agency's objectives.

Despite various piece-meal initiatives deployed in previous years to address procurement challenges, the procurement function at SITA is still faced with challenges such as non-compliance with procurement and SCM-related legislation and policies as well as tender irregularities. SITA procurement as a public procurement function is subject to the general principles of *fairness, equitability, transparency, competitiveness and cost-effectiveness* in line with the Constitution of South Africa.

The procurement process in South Africa has been granted constitutional status and has been used to address past inequitable policies and practices. Despite the reform processes in public procurement and the employment of SCM as a strategic tool, there are predicaments in South African public procurement practices, for example non-compliance with procurement and SCM-related legislation and policies as well as tender irregularities. Procurement is central to the

government service delivery system. Despite recent reforms in public procurement, operational inefficiencies due to manual activities and lack of automation is one of the key factor that contributes to this strategic function not to reach its full potential. Currently there is no transversal e-Procurement system within the Government that enable the automation of all procurement value chain activities (source-to-pay). As result of the current situation, an urgent need has arisen to implement a transversal e-Procurement tool to be utilised by all organs of the state that could integrate with existing and future ERP systems. SITA will take a leading role in the implementation and roll-out of this e-Procurement tool to all organs of state.

## 4.2 ICT service delivery

The SITA service delivery domain has long been confronted by customer complaints such as:

- a) Customer requests are often not treated as a core priority within the organisation;
- b) Poor operational performance across key services that alienated SITA's main customers;
- c) The SITA Annual Performance Plan over the past few years was very inward focused on key strategic projects with limited emphasis on broader customer service delivery;
- d) Insufficient customer interface capacity to provide thought leadership in resolving customer service delivery challenges;
- e) The customer engagement model is not standardised across all customers and services.
- f) Customer feedback is managed in an inconsistent and often informal manner;; and
- g) Reactive in marketing of services.

SITA's share of Government's ICT spend is less than 30%, which is well below the international best practise of 50% the Agency is required to achieve effective scale of economies to better leverage the procurement capabilities of government.

SITA has the potential to play a much bigger role in helping South Africa deliver its IT ambitions. A closer look at government IT spend shows that 90% of the IT services could potentially be provided or sourced through SITA (for example, top three lines of government spend on IT services are telecommunication services, internet services and desktop product support) which can contribute to cost-effectiveness, service delivery and citizen convenience.

SITA offers end-to-end solutions across the complete spectrum of ICT services (as illustrated in figure 8). The top three lines of the Government's ICT spent correlates with the top six lines which went through SITA in 2014/15 , i.e. Procurement (R1 564 Million), Wide Area Network Services (R1050 Million), Hosting and Storage Services (R1 027 Million), Application Services (R684 Million), Desktop Services (R397 Million) and ICT Service Desk (R180 Million).

**Table 4 – Service portfolio**

Service	Description	Revenue (R Million)
<b>Procurement</b>	Procurement and provision of ICT commodities and solutions from Industry, including Hardware, Software Licenses and Government Solutions	<b>1 564</b>
<b>Wide Area Network Service</b>	Wide area network management and connectivity including dedicated VPN services, Secure Internet Service, Remote Access services and PBX support.	<b>1050</b>
<b>Hosting &amp; Storage Service</b>	Hosting of Government Applications, Databases and Websites and operations for midrange servers, storage and mainframe.	<b>1027</b>



<b>Application Services</b>	Solution design, development, deployment, and maintenance services for both transversal and department-specific applications	<b>684</b>
<b>LAN &amp; Desktop Service</b>	Fully managed desktop solution including workstations, telephony (including VoIP), LAN and video-conferencing	<b>397</b>
<b>ICT Service Desk</b>	Single point of contact for logging and resolving ICT-related requests and incidents as well as ad hoc BPO call centre infrastructure	<b>180</b>
<b>Project Management</b>	Programme and project management service	<b>50</b>
<b>Information Management</b>	Information Management, Business Intelligence, Geographic Information and Decision Support services.	<b>42</b>
<b>ICT Advisory</b>	Enterprise architecture , ICT Strategy and ICT Governance services	<b>35</b>
<b>Training</b>	Basic IT training for departments as well as 3rd party training development and management.	<b>29</b>
<b>Security Services</b>	Full suite of high-end security solutions and services	<b>24</b>
<b>Commercial Printing</b>	Provide secure data printing	<b>8</b>

In the 2014/15 financial year, the government ICT expenditure was accounted in SITA's books as follows:

- a) Total National and Provincial Departments ICT expenditure was R 17 544 989 326 of which R 4 974 797 798 was spent on SITA services.
- b) At a District & Local Authority level a total of R 186,166,476 was spent on SITA services.
- c) An additional R39 726 431 was received Educational Institutions, Private Companies dealing with Government through SITA and as sponsorships for Govtech.

The largest portion of SITA income is concentrated on five key customers residing in the Justice, Crime Prevention and Security (JCPS) and Governance and Administration (G&A) clusters, whilst the Economic Sectors, Employment and Infrastructure Development (ESEID) cluster and the Social Protection, Community and Human Development (SPCHD) – the largest cluster in government – and International Cooperation, Trade and Security (ICTS) clusters are relatively underserved by SITA.

Given the fact that there are a number of government departments with high estimated ICT spend that are currently under-served by SITA, represents the largest opportunity for SITA to expand its impact within government.

The level of opportunities for SITA is very high as reflected by the following combination of clients and services that should be applied across all three spheres of government:

- a) **Same clients, more services**  
Ability to leverage existing relationships to expand services, where existing services is not utilised by all top clients, e.g. Enterprise Architecture.

- b) **Same clients, new services**  
New opportunities driven by emerging technologies, where customers are likely to approach SITA for expertise and implementation, SITA can develop new skills that take advantage of its tight customer integration.
- c) **New clients, same service**  
SITA can introduce its premier capabilities to new clients and has ability to leverage existing infrastructure thereby achieving economies of scale
- d) **New clients, new services**  
There is a potential to address through a transversal solution.

To address the risk of being perceived as a "General Dealer" with a large services portfolio, it would be required to review and optimise towards a new service delivery model that balances the use of SITA internal capability and Industry capabilities to optimise service delivery to our customers.

#### 4.2.1 Managed infrastructure

The current situation and challenges associated to the infrastructure and facilities are as follows:

- a) **Network infrastructure**
  - i) Network Service offering is not in line with modern network and Internet service provider offering. Services are predominantly hardware-based and are provided as point solutions (duplicated) to customers, which results in duplication, non-sharing and fragmentation of service consumption by customers.
  - ii) The last-mile connectivity provides insufficient bandwidth. Almost 70% of the approximate 4 000 last-mile connections are below 1 Mbps (way below the targets as contemplated in the Broadband Policy of Government).
  - iii) Duplicate networks: Safety and Security clusters have separate network infrastructures that are not integrated into the Government NGN.
  - iv) The core and last-mile connectivity are dominated by single-service providers, which is not conducive to creating competition in national and provincial economies and results in high costing and pricing of network services.
  - v) There is insufficient terrestrial coverage into rural areas for education and health facilities, which accounts for the majority of public service facilities in government (30 000 schools and 4 400 health facilities).
  - vi) The majority of the equipment in the Safety and Security cluster is old, which does not provide the capability for modern-day convergence requirements.
  - vii) There is no enterprise voice and video or Wi-Fi solutions to meet the modern requirements by customers.
- b) **Data Centre Servers and Storage infrastructure**
  - i) The disk storage and CPU processing capacities are insufficient to accommodate the growing demand by current and potential customers.
  - ii) There are insufficient system management tools to effectively monitor and manage the open systems environments (non-mainframe).
  - iii) The majority of the equipment is reaching end-of-life, which poses a challenge to maintain the services at the contracted readiness, availability and performance metrics.
- c) **Data Centre facilities**
  - i) The Centurion Data Centre facility was designed and built approximately 25 years ago to accommodate the mainframe data processing environment which has high-power consumption. The facility has over the years been configured to house the contemporary open systems technologies of the time, but the facility itself has not been sufficiently modernised in terms of flooring, power supply and air conditioning. Unplanned outages of the facility power or HVAC have a direct impact on the servers, storage and switching equipment that are housed inside the facility.
  - ii) The lack of a disaster recovery (DR) facility for the non-mainframe environment causes a strong dependency on data backup procedures. SITA is also unable to fulfil

the rising demand for DR services by national and provincial customers as compelled by the Auditor General findings.

- iii) Most of the provincial data centre facilities are at risk due to insufficient floor space to accommodate any expansion, electric power and standby power issues, and inadequate humidity, ventilation and air conditioning (HVAC).
- iv) Leasing agreements on non-SITA-owned facilities place a strong dependency on the property owner who is often reluctant to invest in property expansion to keep up to date with growing demands.
- v) Poor coordination and sharing between national and provincial data centre facilities results in duplication and fragmentation.

#### **4.2.2 Security**

The importance of ICT Security cannot be over emphasised. With the increased use of ICT in all aspects of our lives it is now becoming an avenue where attacks are carried out on a daily basis.

Organisations worldwide, and more so governments, are constantly under attack from individuals and sophisticated cybercriminal organisations, which by any means possible, aims to access sensitive government IT systems and data. These attacks are performed using a wide range of techniques. From impersonation through to brute force attacks on ICT infrastructure by means of advanced and sophisticated technologies, they relentlessly continue their mission in order to demonstrate their superiority and skills. Protecting the information security assets of the South African Government is a pivotal task of the State IT Agency.

SITA as a custodian of government's data has to be on the forefront of defence against ICT security threats. Security threats can be experienced in several ways such as the unavailability of ICT services, destruction of data due to hardware or software failures, denial of services, infection by malicious software and compromising data.

Effective management of Information Security has thus become a major concern for every government organisation. There are a number of substantial challenges in the field today, such as:

- a) Constantly changing risks resulting from technological, legal, demographic and socio-economic developments;
- b) Increasing demands of the business that has a 'zero tolerance' attitude to IT problems and disasters;
- c) New legislation that demands more explicit evidence on monitoring risks within organisations;
- d) A growing need for more online mobile and digital information and interactivity with other (external) parties, while maintaining transparent cost control; and
- e) The ability to roll out new technologies quickly and flexibly with the right information security/protection.

The use of secure mainframe technology has provided a strong buffer against attacks, but as more services are brought closer to citizens and the use of server technology is adopted across the industry, opportunities for cyber-attacks will increase.

Tried and tested methodologies are applied, such as separation of departmental data through a multi-layered architecture. SITA's challenge is, however, to be aware that more sophisticated attacks are being formulated and SITA must create the agility to defend the government turf.

Embedding an Information Security culture through training and awareness programmes must form an integral part to address the challenges outlined above.

Annual reviews by the custodians of the National Key Points Act reveal some weaknesses that require urgent attention. These relate to physical security infrastructure and some processes

that require improvement. Consideration has to be made for a modern integrated physical and logical security model to enhance SITA's security and thus its value proposition to clients.

Therefore, SITA must drastically improve on its Information Security capability in order to properly deliver on its mandate.

A number of key initiatives will be implemented by SITA in responding to the legislative requirements, security gaps identified within the public ICT systems, Internal and External ICT Security Reviews, support for the DTSPS Cyber Security mandate and lastly in contributing to the South African e-Skills programme by focusing on building cyber skills. The key initiatives will be implemented towards:

- Building an effective and robust information Security environment within SITA - To ensure that best practices are implemented for both SITA internal environment and SITA managed environments
- Ensuring a secure and dependable set of e-government services and supporting infrastructure - To ensure that public facing services are secure, robust and resilient against cyber-attacks and malware.
- Building highly capable Information security and cybersecurity human capital - To ensure that South Africa has sufficient highly skilled individuals capable of ensuring the security of the South African Cyber Space and Government information Systems.
- Positioning SITA as a leading Agency in defending South African Government information Assets (Securing South African Cyber Space) - To ensure a secure Information Systems environment for the South African Government in partnership with other organs of State sharing this mandate

To assist SITA in addressing the current internal deficiencies in ICT Security and enhancements of the Client ICT security controls (expansion of SITA ICT Security solutions offerings), the following projects have been identified for implementation from the 2015/16 financial year onwards:

- Vulnerability Management Solution
- Endpoint Protection Solution
- Next Generation Firewall Solution
- Identity and Access Management Solution
- Implementation of a Security Operations Centre
- Cyber Security Cadet Programme
- Project for Addressing Audit Recommendations
- Improve NKP compliance
- Manage, monitor and improve Company-wide Security Clearance compliance

### **4.3 Organisational challenges**

- a) The major organisational challenges preventing SITA from solving these issues and reaching its full potential according to a survey undertaken amongst employees in 2013 can be categorised as follows:
  - i) Employees of SITA are still not fully aligned to its vision and strategic direction;
  - ii) SITA builds its capabilities mostly by bringing external resources into the company;
  - iii) Individual performance management is not effectively managed nor met with appropriate consequences;
  - iv) Leaders at SITA lack a consistent leadership style – they are neither consultative nor supportive; and
  - v) Employees revealed many value detractors holding back the current culture of SITA.
- b) To analyse the internal environment further in terms of its performance, an Organisational Health Index (OHI) survey was conducted for two consecutive years, 2013-2014 and 2014/2015 financial years. This survey measures the organisations



"health" in 9 dimensions (namely: direction, leadership, culture and climate, accountability, coordination and control, capabilities, motivation, external orientation, innovation and learning) and compares the result with more than 2,000 organisations.

- c) Motivation (2014:14%; 2015:21%) and Innovation and Learning (2014:18%; 2015:31%), while performance is stronger in Accountability (2014:43%; 2015:49%) and Capabilities (2014:56%; 2015:61%); External Orientation (2014:20%; 2015:32%); Coordination & Control (2014:26%; 2015:33%) Overall, since the previous survey in 2014 SITA increased its health score by 10 points and the comparison between 2014 and 2015 results shows that SITA increased across all outcomes with the highest jump on direction.



Figure 8 – 2015 Organisational Health Index (Model Source McKinsey)

- d) McKinsey indicates that organisations only need to excel in a limited number of dimensions to achieve top quartile health, as long as none of the other dimensions are broken. With this in mind, the Board and Executive Committee have identified the 'customer-centric' archetype that they aspire to achieve based on:
- i) **Customer focus** - Understanding customers and responding to their needs;
  - ii) **Strategic clarity** - Articulating a clear direction and strategy for winning, and translating it into specific goals and targets; and
  - iii) **Shared vision** - Setting the direction by creating and communicating a compelling, vivid image of what the future will look like.

## 5. Strategy proposal

The critical strategic imperative for SITA is to deliver on its mandate, namely to retain, grow and diversify its customer base in the short to medium term. SITA is at a crossroads in meeting the growing demand for services and increasing its value-add to the country, and it urgently needs to redesign its ICT and procurement services and improve its organisational culture. This will entail the following:

- a) **Fixing the procurement process** by procuring goods and services at a lower cost than any single department could on their own; delivering to customers through an efficient and service-oriented procurement process; improving bid specification quality; and introducing a differentiated tender process based on value and complexity.
- b) **Redesigning the IT services portfolio** to focus on infrastructure, architecture and standards and transversal systems, and leveraging third parties to support delivery; ensuring thought leadership through advisory, consulting and ICT governance services; accelerating the implementation of integrated **e-Government services**; and enhancing **security of government ICT systems**.

- c) **Building a healthy organisational culture** by developing a customer-focused organisation with motivated, responsible and accountable employees; as well as creating an open and trust-based environment that fully utilises employee capabilities.

## 5.1 Procurement

To address the procurement challenges it will be necessary to improve the quality of specifications, segment the procurement process, and build an organisation to support its objectives.

### 5.1.1 SITA procurement strategic positioning/goals

Considering the challenges that SITA's procurement function has experienced over the years, a comprehensive approach to address root causes of challenges rather than symptoms is required. As previously mentioned in this document, the key procurement challenges include operational inefficiencies, vulnerability to fraud and corruption, limited development opportunities to drive the transformation agenda in the ICT industry, high prices for goods/services procured, lack of a skilled procurement workforce, etc. The key for SITA to comprehensively address procurement challenges and its root causes is to position itself in order to build capabilities that will deliver total procurement excellence to the organisation and for the organisation to become a hub of ICT procurement best practices in the South African public sector.

SITA procurement strategic direction to achieve procurement excellence is centred on five key strategic drivers, which are workforce excellence, operational excellence, cost excellence, transformation agenda excellence, and compliance excellence.

Therefore, successful implementation of these strategic drivers in line with best practices will result in SITA achieving procurement excellence. This will subsequently enable the organisation 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.

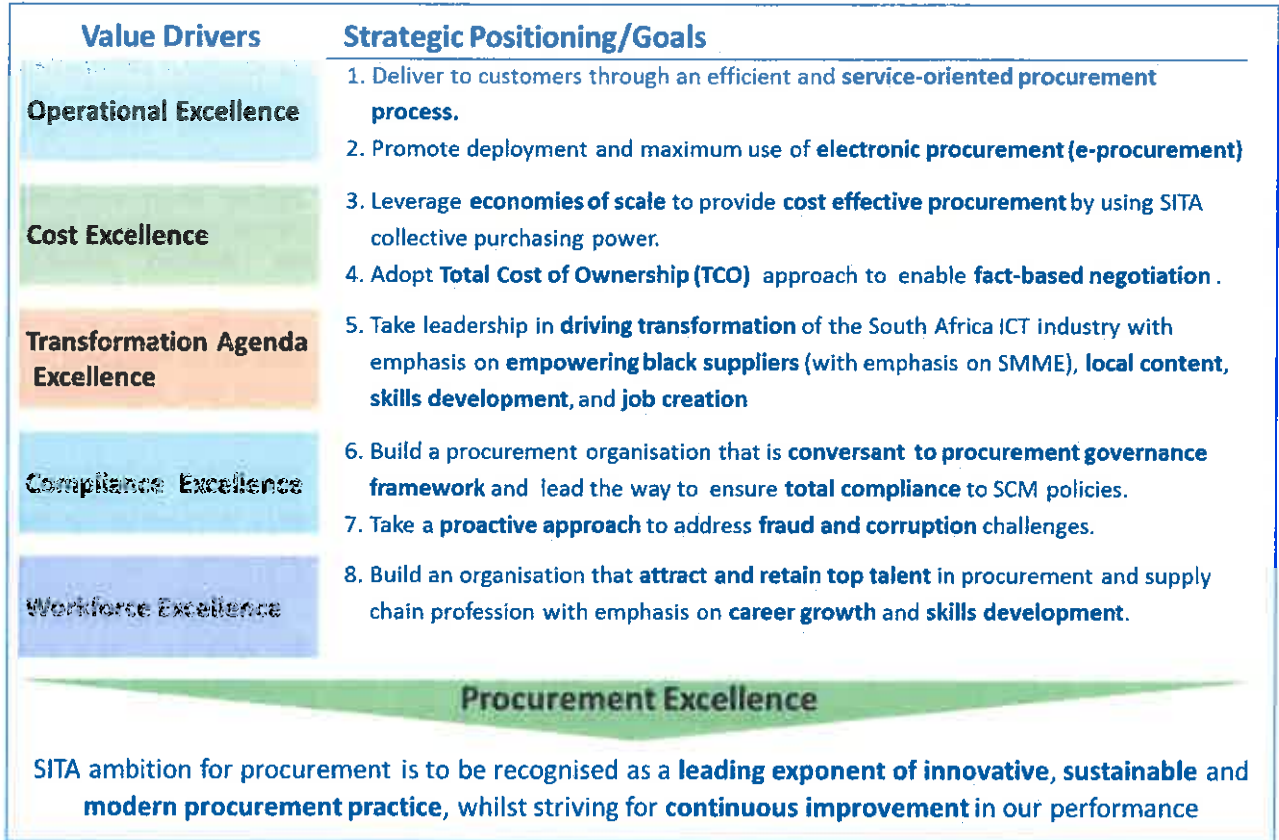
SITA's ambition for procurement is to be recognised as a leading exponent of innovative, sustainable and modern procurement practice, while striving for continuous improvement in our performance.

Workforce excellence is the foundation of procurement excellence within the organisation. It is the workforce that will drive transformation and implementation of other key strategic drivers; therefore, SITA's procurement workforce requires exposure to leading supply chain practices, world-class methodologies and advanced capabilities for the organisation to deliver in its mandate. A proactive approach to address vulnerability to fraud and corruption is a key strategic goal to building a strong organisational reputation in the field of ICT procurement within both public and private sector in South Africa. In order to achieve this goal, radical transformation and change management is required with regard to SITA's existing procurement workforce.

The value-add procurement function that drives procurement excellence is a key strategic objective. This objective will be achieved by establishing a procurement function that drives change and by leading the way in achieving corporate goals through collaboration, performance and intelligence to enable service delivery to clients. Figure 9 below outlines SITA's strategic positioning/goals per strategic driver.

SITA acknowledged that the world out there is living in a technology driven procurement era where technology has become the enabling factor for an organisation to achieve procurement operational efficiency, cost effectiveness and compliance to regulatory frameworks. However, this reality has not yet been realised in a public procurement environment that is dominated by manual procurement activities within the entire value chain.


SITA in collaboration with the Office of Chief Procurement Officer (OCPO) at National Treasury are embarking on an initiative to implement a public procurement integrated transversal e-Procurement system. The process is underway to purchase an Intellectual Property (IP) of an end-to-end sourcing solutions that is currently in being use by other organs of state. SITA will take a role of being the lead implementation agent in terms of rolling-out the solution to all organs of state.







**Figure 9 – SITA’s procurement strategic positioning/goals**

An integrated procurement strategic plan has been developed, providing detailed information on initiatives to be implemented to drive SITA’s procurement transformation journey. Table 4 below provides more details on initiatives pertaining to this new procurement strategic positioning.

**Table 5 – Procurement strategic goals and key initiatives**

Strategic driver	Strategic positioning/goals and key initiatives
<b>Operational excellence</b> 	a) Deliver to customers through an <b>efficient and service-oriented procurement process</b> by adopting a more strategic and systematic approach to procurement, consisting of the following: <ul style="list-style-type: none"> <li>i) Category/commodity management approach to procurement, e.g. basic sourcing, commodity sourcing and strategic sourcing.</li> <li>ii) Standardise procurement-related processes, tools and templates.</li> <li>iii) Adoption of supplier performance management culture through contract management framework.</li> <li>iv) Adopt customer-centric approach to client engagements to ensure that stakeholders are fully engaged and informed in the procurement process.</li> <li>v) Implementation of effective demand planning capabilities to enable development of procurement plans.</li> <li>vi) Adopt a centre-led operating model that enables tighter control and standardisation of decentralised transactions but still allows local/provincial purchasing execution.</li> <li>vii) Become an expert function in all matters related to supply market</li> </ul>



	<p>intelligence, including cost trends, technology trends, market forces and supply risks.</p> <p>viii) Adopt partnerships and a collaborative approach with other state-owned entities and Original Equipment Manufacturers (OEMs).</p> <p>ix) Develop a detailed procurement value-chain process mapping, which includes SLAs for each step.</p> <p>x) Ensure that quality is measured by seeking feedback from customers through implementation of a periodic procurement customer survey.</p> <p>xi) Measure procurement performance and promote continuous improvement initiatives.</p> <p>b) Promote deployment and maximum use of <b>electronic procurement (e-procurement)</b> capabilities and tools.</p> <p>i) Implement technology-driven procurement throughout the value chain, including sourcing, supplier/vendor management, e-procurement, online procurement portal, spend analysis, and document management capabilities.</p>
<p><b>Cost excellence</b></p> 	<p>a) Leverage <b>economies of scale</b> to provide <b>cost-effective procurement</b> by using SITA's collective purchasing power to deliver value for money to clients.</p> <p>i) Procuring goods and services at a lower cost than any single department could on their own through adoption of commodity management approach to enable greater negotiation power and drive bottom-line savings for the entire organisation.</p> <p>b) Adopt a <b>total cost of ownership (TCO)</b> approach to enable <b>fact-based negotiation</b>.</p> <p>i) Ensure that whole life-costing methods are used to assess and evaluate costs and benefits over the entire life of assets and services.</p> <p>ii) Introduce basic and advance cost and price analysis training to capacitate the workforce to be able to conduct TCO analysis.</p> <p>iii) Introduce basic and advanced negotiation training to capacitate the workforce to be able to conduct fact-based negotiations.</p>
<p><b>Transformation agenda excellence</b></p> 	<p>a) Take leadership in <b>driving transformation</b> of the South African ICT industry with emphasis on <b>empowering black suppliers</b> (with emphasis on <b>SMME</b>), <b>local content</b>, <b>skills development</b>, and <b>job creation</b>.</p> <p>i) Ensure that each transaction has a contribution toward transformation agenda objectives by introducing strategies such as OEM partnering, research and technology solution participation, joint venture platforms and local content evaluations.</p> <p>ii) Create platforms that enable easy engagement with the targeted market players in a form of forums and summits.</p> <p>iii) Invest in supply market intelligence capabilities and create a segmented supplier database that enables reporting flexibility.</p>
<p><b>Compliance excellence</b></p> 	<p>a) Build a procurement organisation that is <b>conversant to procurement governance framework</b> and lead the way to ensure <b>total compliance</b> to SCM policies in line with industry best practices.</p> <p>i) Review existing policies and procedures (including development of new ones) to ensure alignment to legislatives frameworks and best practices.</p> <p>ii) Enhanced compliance with relevant policies and procedures by introducing periodic internal auditing for various processes and lower threshold transactions.</p> <p>b) Take a <b>proactive approach</b> to address <b>fraud and corruption</b> challenges.</p> <p>i) Introduce periodic vetting of procurement officials at "Top Secret" level and declaration of all financial interests.</p>
<p><b>Workforce excellence</b></p> 	<p>a) Build an organisation that <b>attracts and retains top talent</b> in the procurement and supply-chain profession with emphasis on <b>career growth</b> and <b>skills development</b>.</p> <p>i) Build a world-class procurement workforce through adopting a proactive recruitment approach, such as headhunting top talent and campus recruitment drive to identify top graduates.</p> <p>ii) Develop SITA procurement skills development curriculum for different levels.</p> <p>iii) Professionalise the procurement organisation by adopting a licenced practitioner programme (such as MCIPS) that continues to enhance skills and performance.</p>

### 5.1.2 Centre-led procurement operating model

In line with our new procurement vision, SITA's objective is to adopt a centre-led operating model where a centralised procurement strategy enables tighter control and standardisation of decentralised transactions but still allows local/provincial purchasing execution. This approach reflects modern procurement best practices that support this type of operating model in organisations such as SITA with multiple operations in different sites. This model provides the SITA procurement function with greater negotiating power and drives bottom-line savings for the entire organisation.

The new procurement operating model has been developed to enable the organisation to drive the execution of the five strategic value drivers depicted in Figure 9 above. The procurement centre of excellence function will ensure that the organisation maintains continuous improvement and best practices in terms of procurement compliance and governance, driving transformation agenda (whereas other function ensure practical implementation of best practices to achieve operational efficiencies in terms of turnaround times) and cost through economies of scale. It is envisaged that achieving procurement operational efficiencies will improve customer satisfaction.

Figure 10 below depicts the new SITA centre-led operating model.

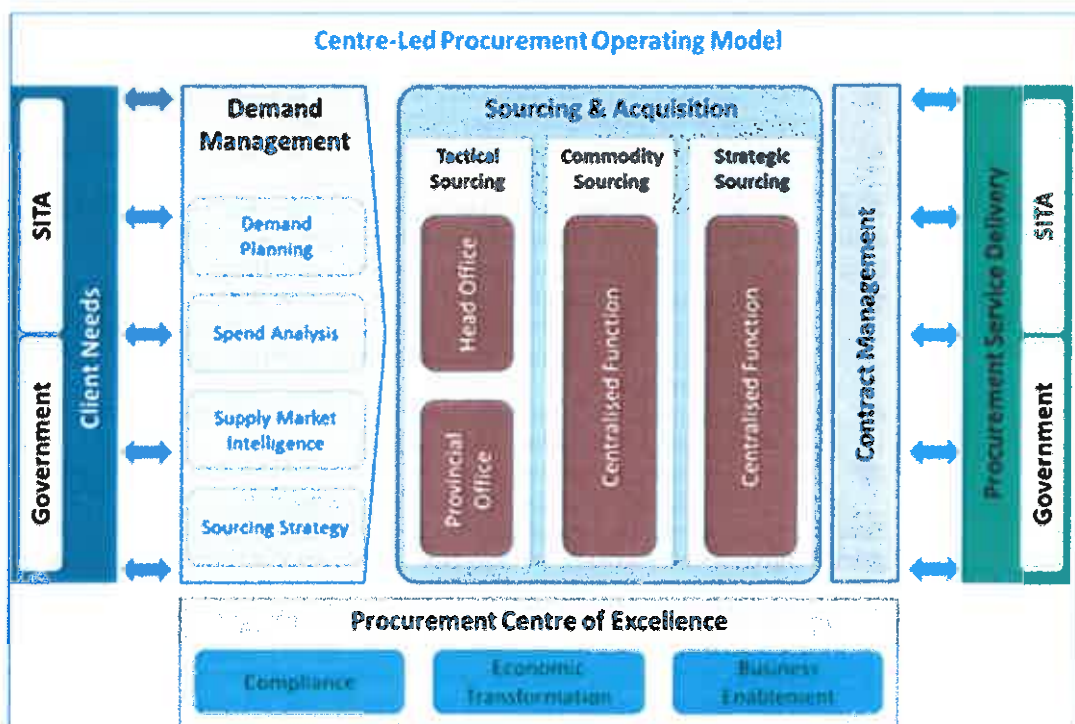
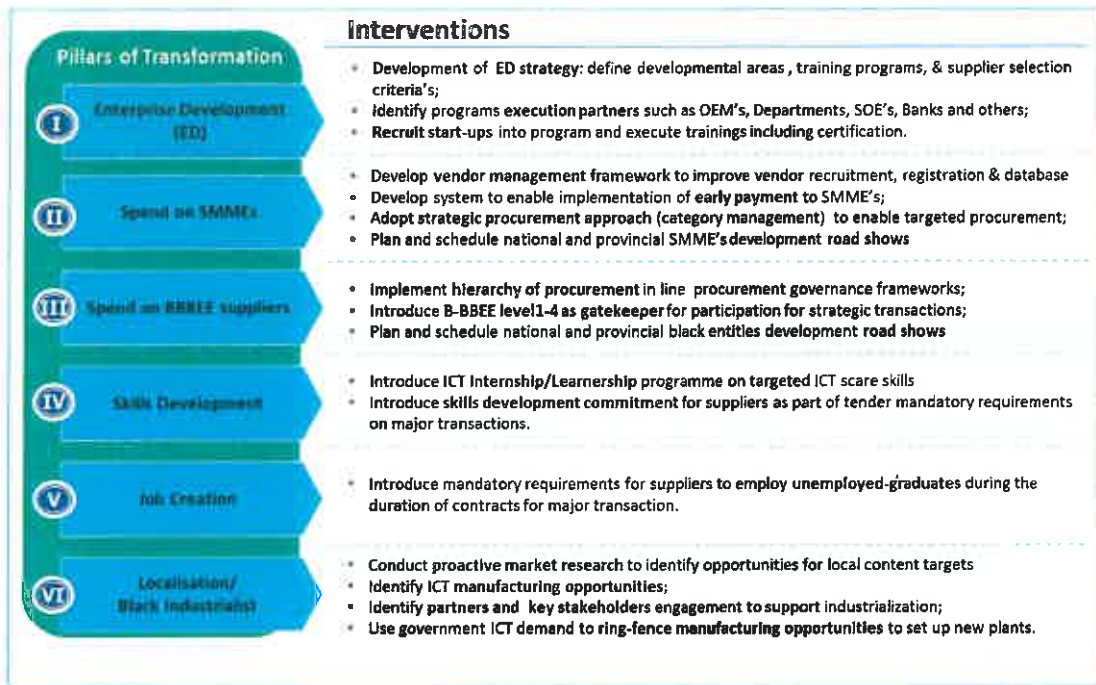


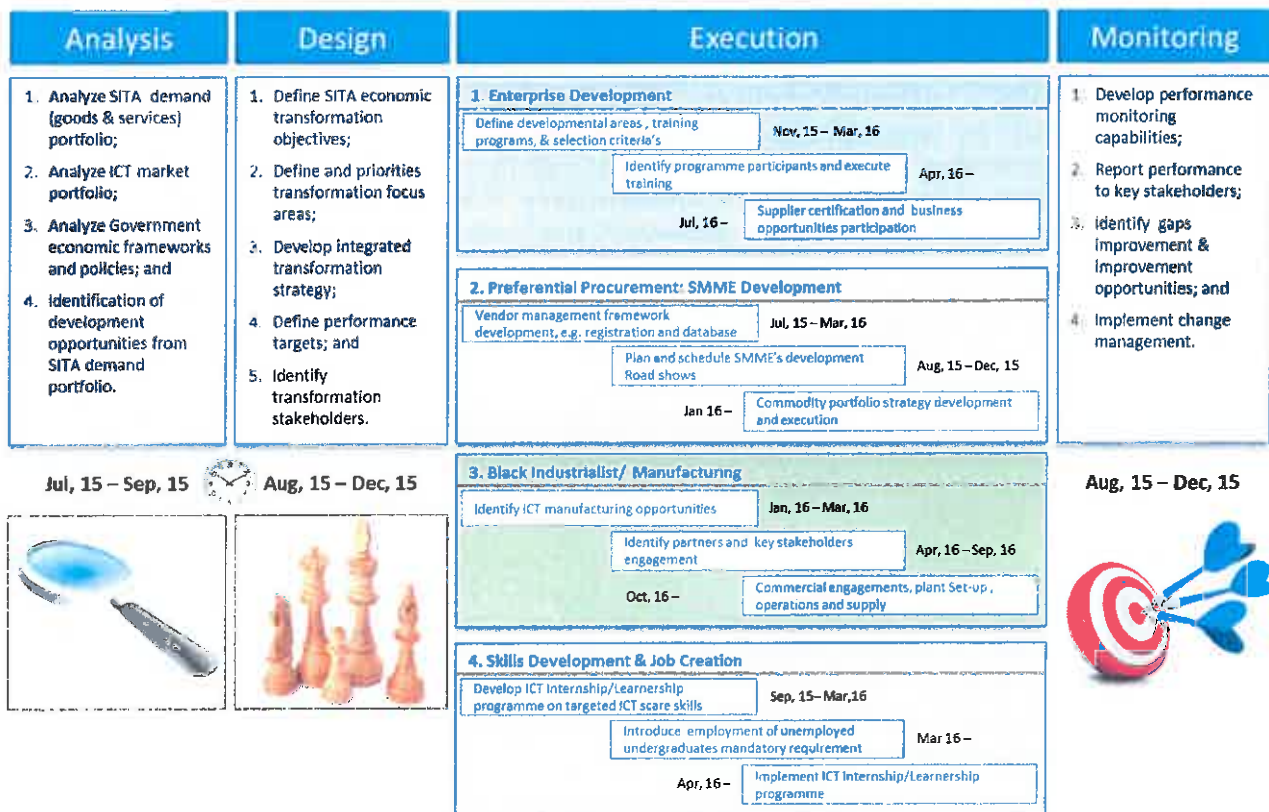
Figure 10 – Centre-led procurement operating model

### 5.1.3 Transformation agenda

SITA has put a renewed focus on addressing the transformation agenda as a strategic imperative. This represents a significant point of departure from a past when the agenda was only being managed in a transactional and operational manner. The approach and focus areas are depicted in Figure 11 and the programme itself in Figure 12.



**Figure 11 - Procurement Transformation Agenda Focus Areas**



**Figure 12 - Procurement Transformation Agenda Programme Overview**

### 5.1.4 Procurement structure

The organisational structure is a vehicle that the organisation will use to drive achievement of strategic objectives and the execution of the operating model. SITA's SCM function will be led by the chief procurement officer, and will consist of five departments, which are Demand and Contract Management, Tactical Sourcing, Commodity Sourcing, Strategic Sourcing and Procurement Centre of Excellence.

In line with the above defined operating model, the procurement organisational function to drive organisational capability is structured as follows:

#### Demand and Contract Management

- i) Demand Planning
- ii) Spend Analytics and Market
- iii) Contract Management

#### Tactical Sourcing

- iv) Tactical Procurement/Tendering
- v) Order Management

#### Provincial Procurement Oversight

- vi) Commodity Sourcing
- vii) Category/Commodity Management

#### Strategic Sourcing

- viii) Project /Complex Commodity Sourcing

#### Procurement Centre of Excellence

- ix) Compliance and Tender Office
- x) Supplier Development and Vendor Management
- xi) Business Enablement

### 5.1.5 Procurement Corporate Annual Performance Plan

In order to achieve the strategic objectives set in this document, a number of performance measures with respective targets have been set out to measure the performance of the organisation in terms of implementing the strategic plan. From the list of various measures set out in this document, six performance measures have been selected to define procurement's contribution towards SITA's Corporate Annual Performance Plan (APP). Each of the measures will have five-year performance targets that show the procurement function's commitment of striving for continuous improvement in its performance. Figure 13 outlines the APP for the next five years.

No.	Performance measure	Target, FY15	Target, FY16	Target, FY17	Target, FY18	Target, FY19
1	% of tender awards completed within the targeted turnaround time	-	70%	65%	70%	75%
2	Development and roll-out of the Government Transversal e-Procurement portal	-	-	Roll-out to SITA & OCPO	Roll-out to National Departments	Roll-out to Provincial departments
3	% of negotiated savings on acquisition of ICT goods and services with major OEMs	12%	12%	10%	10%	10%
4	% of ICT acquisition spent through SMME entities	7%	10%	15%	20%	30%
5	# of SMME entities completed SITA Enterprise Development (ED) programs	-	-	10 SMME entities completed SITA Enterprise	30 SMME entities completed SITA Enterprise	50 SMME entities completed SITA Enterprise



No.	Performance measure	Target, FY15	Target, FY16	Target, FY17	Target, FY18	Target, FY19
				Developme nt (ED) programs	Developm ent (ED) programs	Developm ent (ED) programs

Figure 13 – Procurement Corporate APP

## 5.2 ICT service delivery

SITA's future core ICT services have to ensure that government productivity is increased, public service availability is enhanced, the government-to-business interface is enhanced and new business models and processes are enabled.

- **The core IT services that SITA will provide:** Taking into consideration compliance with the SITA Act and other legislation and policy, the organisation's ability to add value to the Government and public, and the levels of security and protection required across government departments, SITA will move from "self-managed" to "facilitate" department-specific application development management (ADM) and training services, and focus on five key service categories:
  - **Managed infrastructure:** Be a world-class provider of core network, hosting and data services.
  - **E-Government:** Be the driving force behind the continued digitisation of the public sector; set and drive the e-Government agenda for the country, and drive the modernisation of the public sector.
  - **Security:** The go-to provider of end-to-end services for the most secure IT environments.
  - **Architecture and standards:** Create and enforce security, interoperability, data and other standards, and guide enterprise architecture and overall IT strategy.
  - **Transversal capabilities:** Own and deliver government-wide solutions through multi-department projects.

### 5.2.1 Infrastructure

Service providers providing fully managed, outsourced services to their clients are actively pursuing the strategy of developing services that reside within layers 4 to 7 of the Open Systems Interconnect (OSI) stack in order to drive up revenue and provide a much more strategic service to their clients. This approach stems from a dramatic shift in organisations' interactions with their customers, partners and employees. This is seen with the rapid rise of cloud computing exploding in data centres and collaboration technologies such as Unified Communications. SITA is embarking on an infrastructure modernisation process in order to implement the planned services within the next five years. This will entail the upgrade of the Centurion data centre and the provision and/or building of an additional data centre and disaster recovery centre.

Modernising the technology landscape within the data centres is a carefully planned process that results in a capability allowing SITA to effectively implement, provision and support systems currently used by Government and also enable Government to consolidate their current data centre ICT investments through centralisation. Great efficiencies ensuing from optimised infrastructure will drastically aid Government in centralising data and the management thereof. With SITA playing a fundamental role in deploying management systems to effectively monitor, control and command information systems infrastructure, data and system availability is guaranteed with strong emphasis placed on disaster recovery.


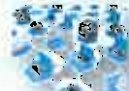
The nature of SITA's clients and the sensitivity of the data that traverses SITA's network has necessitated that all traffic of customers be protected from external threats, be it other customers or public parties. With this in mind, SITA has opted away from the traditional VPN model offered by service providers and to define a service unique to its client base, namely a

"managed, secure site-to-site VPN". This service has a number of unique features over and above those provided by the underlying MPLS technology.

These include:

- **secure access to the Internet via dedicated firewalls and proxy servers;**
- **secure inter-VPN access (if required) via dedicated firewalls; and**
- **Secure dial-up via APN services.**

In order to deliver world-class infrastructure services to the public sector, SITA is compelled to address the ICT infrastructure challenges cited earlier in this document, e.g. the electrical power situation at its main data centres, limited technology processing capacity to meet growing demand by customers, and upgrading and expanding the Government's secure network to respond to the SA Broadband Policy targets. These will be addressed by the infrastructure modernisation roadmap shown below.

Sub-Programme	2014/15	2015/16	2016/17	2017/18
 Data Centres	Interim DR Site established	Main DR established	Data Centres Tier 3 certified	
	Main Data Centre upgrade/stabilize	Main DC Facility and Equipment Renewal	Cloud Computing Service Provider (Infrastructure and Platform as a Service)	
 Network	New Telco contracts	1. Network VPN upgrades 2. Facilitate Broadband VPN	Govt VPN Broadband and Multi-Access Channels	
		New internet contract		

**Figure 14 – Infrastructure modernisation roadmap**

## 5.2.2 E-Government

This strategy defines a renewed approach and programme of action that will radically improve the electronic Government (e-Government) situation in South Africa in fulfilment of the shareholder vision to make at least 70% of public-facing services accessible online to citizens by 2019 (as articulated in the 2014/15 Budget Vote by the Department of Telecommunications and Postal Services).

The Honourable Minister of Telecommunications and Postal Services, Dr Siyabonga Cwele, stated: "More focused attention on infrastructure roll-out, the creation and acceleration of the expansion of e-Government services, (as well as) ... development of e-Government platforms, for use by departments to deliver services online to citizens. In this regard, the department will coordinate work with other frontline Government departments that provide services to the public. Through SITA, over the next five years, a significant number of Government services will be available online".

This new approach and programme of action will require:

- shareholder championship to unlock any challenges relating to policy, institutional arrangements and solicit buy-in from respective public sector stakeholders, and
- ICT industry participation to provide the requisite skills, technology and related investments to implement and support the e-Government technical solutions.

The SITA e-Government approach is aligned to industry best practice and international trends. SITA continues to work closely with the DTPS and DPSA to ensure alignment to existing policies and visions in this space. The DTPS and DPSA must address transversal funding as well as service and data governance to ensure that SITA is not reactive in the development of e-services.

The value proposition to e-Government is entrenched within the SITA mandate, which is to enable public service delivery through ICT.

### 5.2.2.1 SITA e-Government programme approach

The SITA e-Government programme will put in place the necessary platforms for the e-enablement of government services, which will not only accelerate the expansion of e-government services, but will do so in a cost-effective and efficient manner.

The current SITA strategic plan and e-Government plan of action commits to the deliverables outlined in Figure 15 below, following this incremental approach.



Figure 15 – Deliverables for e-Government

### 5.2.2.2 SITA e-Government programme status

SITA identified a catalogue of potential e-services that is aligned to the MTSF 2014-2019, which outlines the priorities and actions of Government over the next five years and which builds on the focus areas identified in the National Development Plan (NDP) and Government’s electoral mandate. SITA uses this catalogue to engage with the respective government departments to solicit their buy-in and cooperation for the development of the said e-services.

To date, SITA is in the process of modernizing the legacy IT platforms (such as Natural/ADABAS) that can be used to transform and catapult legacy solutions from monolithic paradigm into modernised e-services. This platform will be used as an e-Government platform for the e-enablement of vertical services.

### 5.2.2.3 SITA e-Government way forward

The e-Government tactical approach for 2016/17 financial year is depicted in Figure 16 below. The model also allows for customers to develop their own services. This implies that the adapters, service repository and data quality layers will have to be prepared in such a way that clients are able to use the APIs to design their process enabled e-Services. SITA will connect the process through web services to the underlying transversal systems. SITAs will also assume the responsibility to control security and access to the transversal systems through the integration layer.



	SITA's Enabling Technology	NCV Backlog Reduction Project	Current SITA e-Gov Portal	2016-Q1 e-Services (DBS, Labor, Health, etc)	Future e-Services	SITA Capacity Requirements	SAG Capacity Requirements
User Interaction End Point	Web, Mobile, GSA, G2C, G2B	<ul style="list-style-type: none"> <li>Web: Main Center Portal &amp; Dashboards</li> <li>API: Select Mgmt Software Integration</li> </ul>	<ul style="list-style-type: none"> <li>Map new UI Events to API Services</li> <li>Same UI Framework Re-use for New Services</li> </ul>	<ul style="list-style-type: none"> <li>Develop Pages for new e-Services</li> <li>Map new pages to services through API Portal</li> </ul>	<ul style="list-style-type: none"> <li>Develop Pages for new e-Services</li> <li>Map new pages to services through API Portal</li> </ul>	Initial version of SITA e-Government portal is already in place ✓	SAG UI & Mobile Development Resources are available if needed
API Facts		<ul style="list-style-type: none"> <li>API Portal is implemented for NCV Project and is available for re-use for new e-Services</li> </ul>	Map current SITA e-Gov Portal UI components to services exposed thru API Portal	Current SITA e-Gov Portal maps to new e-Services exposed thru API Portal	Same as with 2016-Q1 e-Services	Re-use developers of the current e-Government portal that are already in place ✓	Add Resources to Configure new e-Services APIs
Monitoring & Intelligent Business Operations		<ul style="list-style-type: none"> <li>Process monitoring is implemented for NCV Project and is available for re-use for new e-Services</li> </ul>	<ul style="list-style-type: none"> <li>Add menus w/URLs to dashboard platform</li> <li>Embed dashboards directly into current e-Gov Portal</li> </ul>	<ul style="list-style-type: none"> <li>Re-use Monitoring platform infrastructure for new e-Services</li> <li>Add new KPIs &amp; dashboards</li> </ul>	Same as with 2016-Q1 e-Services	Capacity must be developed	<ul style="list-style-type: none"> <li>Add Resources to do: <ul style="list-style-type: none"> <li>KPI Design</li> <li>Scenario detection Design</li> <li>Response mapping</li> </ul> </li> </ul>
Business Process Analysis, EA & Automation		<ul style="list-style-type: none"> <li>Modeling AS-IS &amp; TO-BE Business Processes</li> <li>BPM Engine for NCV Project is available for re-use for new e-Services</li> </ul>		<ul style="list-style-type: none"> <li>Model underlying process for each new e-Service provided</li> <li>Model EA for each new e-Service</li> </ul>	Same as with 2016-Q1 e-Services	22 SITA Staff already trained on ADIS BPM & EA tool ✓	<ul style="list-style-type: none"> <li>Add Resources to: <ul style="list-style-type: none"> <li>Augment Process Analysis</li> <li>Design &amp; Develop Automation</li> </ul> </li> </ul>
Data Quality Management & Big Data		<ul style="list-style-type: none"> <li>Data Quality &amp; In-Memory storage for Big Data ready for re-use from NCV Project for new e-Services</li> </ul>		<ul style="list-style-type: none"> <li>Re-use Data Quality &amp; Cleaning fact tables platform. Add new rules and identify for new existing data sources</li> </ul>	Same as with 2016-Q1 e-Services	Capacity must be developed	<ul style="list-style-type: none"> <li>Add Resources to: <ul style="list-style-type: none"> <li>Design &amp; Implement data quality rules</li> <li>Implement Big Data capability</li> </ul> </li> </ul>
Services		<ul style="list-style-type: none"> <li>Services have been created that expose Natural-Adobe business logic and data for NCV certifications</li> </ul>		<ul style="list-style-type: none"> <li>Provision services services to access legacy and data from existing and new systems</li> </ul>	Same as with 2016-Q1 e-Services	Capacity must be developed	<ul style="list-style-type: none"> <li>Add Resources to: <ul style="list-style-type: none"> <li>Design/Implement services infrastructure</li> </ul> </li> </ul>
Integration		<ul style="list-style-type: none"> <li>Extract Adapter ✓</li> <li>SOA Gateway ✓</li> <li>JDBC Adapter ✓</li> <li>Adobe Java Client ✓</li> </ul>		<ul style="list-style-type: none"> <li>Implement adapters for integrated access to new and legacy applications and databases whether CDTS or custom</li> </ul>	Same as with 2016-Q1 e-Services	Capacity must be developed	<ul style="list-style-type: none"> <li>Add Resources to: <ul style="list-style-type: none"> <li>install and configure integration adapters</li> </ul> </li> </ul>
Existing Systems		<ul style="list-style-type: none"> <li>Integrate to: <ul style="list-style-type: none"> <li>Any ERP</li> <li>Any Application</li> <li>Any Database</li> <li>Any Cloud Service</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Wrap and reuse existing logic and data sources</li> </ul>	Same as with 2016-Q1 e-Services	<ul style="list-style-type: none"> <li>SITA Adopts Natural developers already in place ✓</li> <li>Upskilling is required</li> </ul>	SAG Adobe Natural Resources are available if needed

Figure 16 - Legacy renewal framework

This initiative forms the basis for the rejuvenation of legacy systems in government and realises the goals of implementing e-Government at the same time. This capability can serve as the e-Government eco-system upon which e-services can be deployed.

#### 5.2.2.4 SITA e-Government programme overview

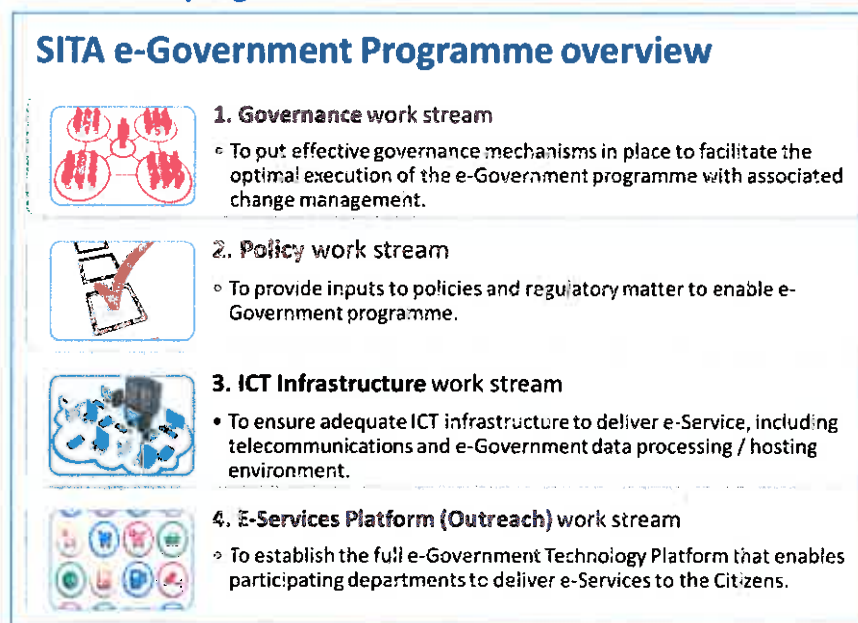


Figure 17 - e-Government Programme Overview

### 5.2.2.5 E –cabinet

An E-Cabinet solution was established to a secure environment for the execution and management of the Cabinet phase in the office of the Cabinet Secretariat in the Presidency. This includes the establishment of an environment for secure collaboration between members of the Cabinet Secretariat, Ministries and other identified users.

Subject to certain external dependencies (mainly of a security nature), the intent is for the solution to be implemented and operational by the end of the 2016/17 financial year, inclusive of trained users and support personnel.

### 5.2.3 Security

The SITA strategic plan indicates that SITA must become the “go-to provider of end-to-end services for the most secure IT environments”. In order to achieve this objective, SITA needs to ensure that all SITA environments are secure and have adequate security controls implemented. This plan covers logical (information), physical and personnel security (vetting).

The SITA security programme is aimed at

- ensuring that service delivery to the public through the provision of information technology, information systems and related services is provided in a maintained information systems security environment to departments and organs of state,
- improving the level of security controls implemented to counter cybersecurity attacks, and
- providing an overview of the implementation plan for security controls for the next three years.

### 5.2.4 Legislative mandates with regards to security

#### 5.2.4.1 Regulatory requirements

##### 5.2.4.1.1 SITA Act

In terms of section 6 of the SITA Act, the objects of the Agency are inter alia:

*(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 organs of state;*

The Act separates SITA's services into mandatory services (i.e. SITA **must** provide), and non-mandatory services (i.e. SITA **may** provide) for departments and public bodies (table 5).

**Table 6 – Mandatory and non-mandatory services**

Mandatory (must)	Non-mandatory (may)
The Agency— a) <b>must set standards</b> regarding— (ii) a comprehensive <b>information systems security environment</b> for departments, subject to <b>the approval of the Minister and the Minister of Intelligence</b> ;	The Agency— c) may, despite anything to the contrary in any other law, exclusively— (i) <b>sell or provide authentication products or services</b> for all departments and organs of state; and (ii) apply to the relevant authority for the accreditation of such authentication products or services in terms of any law.
The Agency— (b) <b>must certify</b> every acquisition of any information technology goods or services by a department for <b>compliance with those standards</b> ;	

Regulations s4.1.2—

SITA **must** prepare a comprehensive **disaster recovery strategy** and **business continuity plan** and procedures for mandatory services used by Departments.

#### 5.2.4.1.2 Electronic Communication and Transaction Act

In terms of the ECT Act, 2002 (Act 25 of 2002), the following apply:

##### S.5 National e-strategy

- (2) *The Cabinet must, on acceptance of the national e-strategy, declare the implementation of the **national e-strategy as a national priority.***
- (3) *The Minister, in developing the national e-strategy as envisaged in subsection (1)-*
  - a. *must determine all matters involving **e-Government** services in consultation with the Minister for the **Public Service and Administration;***
  - b. *must determine the **roles of each person, entity or sector** in the implementation of the national e-strategy;*

##### S.13 Signature

- (1) *Where the signature of a person is required by law and such law does not specify the type of signature, that requirement in relation to a data message is met only if an **advanced electronic signature** is used.*

#### 5.2.4.1.3 Protection of Personal Information Act

In terms of the POPI Act, 2013 (Act 4 of 2013), the following apply:

- S.19. (1) *(Security measures): A responsible party must secure the integrity and confidentiality of personal information in its possession or under its control by taking appropriate, reasonable technical and organisational measures to prevent—*
- (a) *loss of, damage to or unauthorised destruction of personal information; and*
  - (b) *unlawful access to or processing of personal information.*

#### 5.2.4.1.4 Public Administration Management Act

In terms of the PAM Act, 2014 (Act 11 of 2014), the following apply:

S.14. *The head of an institution must (a) acquire and use ICT which (i) leverages economies of scale to provide for cost effective service; (ii) ensures the interoperability of its information systems with information systems of other institutions to enhance internal efficiency or service delivery; (iii) eliminates unnecessary duplication of information and communication technologies in the public administration; and (iv) **ensures security of its information systems.***

#### 5.2.4.2 Possible new legislation with an impact on the SITA mandate

##### 5.2.4.2.1 Protection of State Information Bill (POSI)

In terms of the POSI Bill, the following apply:

S.7(2) *Security standards and measures to protect sensitive state information, including information security administrative function, personnel security (including training, awareness and security screening); ICT security; physical security; continuity planning; and*

S.11(3) *Classification of sensitive information as it relates to national interest that includes (a) security from all forms of crime; (b) protection against attacks or incursions on the Republic or acts of foreign interference; (c) defence and security plans and operations; (d) details of criminal investigations and police and law enforcement methods; (e) significant political and economic relations with international organisations and foreign Governments; (f) economic, scientific or technological matters vital to the Republic's stability, security, integrity and development."*

### 5.2.5 Medium-Term Strategic Framework 2014-2019 (MTSF)

Outcome 3 of the 2014-2019 MTSF, "All people in South Africa are and feel safe", maps out Government's programme for building of safer communities. The MTSF lists the following five sub-outcomes that the criminal justice system needs to achieve:

- reduced levels of contact crime;
- an efficient and effective criminal justice system;
- South Africa's borders effectively defended, protected, secured and well-managed;
- secure cyber space; and
- domestic stability ensured.

In the 2014/15 financial year, Government prioritised implementing measures to proactively deal with cyber threats targeted at Government and its institutions, national critical information infrastructures, South African businesses and citizens.

### 5.2.6 Cybersecurity efforts within Government

Implementation of the National Cybersecurity Policy Framework (NCPF) is in progress and various policy documents have been developed. In this regard, a national cybersecurity policy, a national critical information infrastructure policy and a cybercrime policy were developed and key stakeholders are currently being consulted. In order to enact holistic cybersecurity legislation, existing laws were reviewed and the drafting of a cybersecurity bill has commenced and will be submitted to Cabinet shortly. The bill aims to comprehensively address cybercrime and cybersecurity in South Africa, and identifies various offences which can be committed in cyberspace and aspects relating to criminal liability.

Figure 18 below depicts SITA's position in terms of the NCPF.

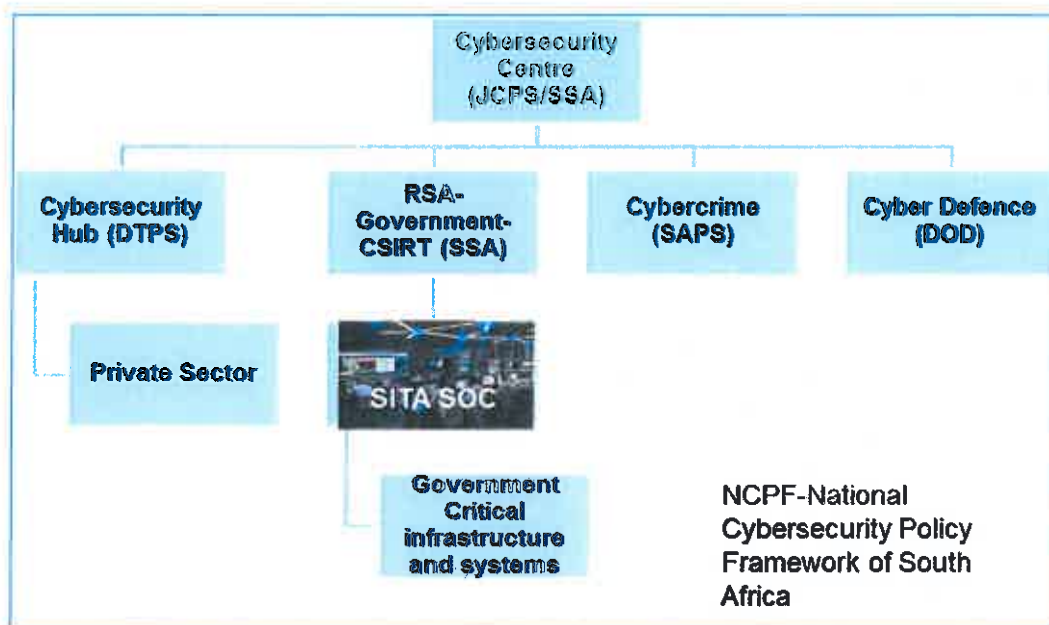


Figure 18 – SITA's position in terms of the NCPF

ICT services offered to Government must be deployed in a manner that secures all Government's information assets. It is therefore prudent to not only design solutions that are robust against any form of cyber-attack, but also to implement the necessary operational structures, standards, business processes and management technologies to affectively veer off and effectively respond to any threat to the ICT landscape under the management of SITA.

## 5.2.7 High-level overview of planned security initiatives

### 5.2.7.1 Key initiatives

The following key initiatives will be implemented by SITA over the next three years in responding to the legislative requirements, security gaps identified within the public ICT systems, support for the DTSPS cyber security mandate and contributing to the South African e-Skills programme by focusing on building cyber skills. The key initiatives are as follows:

- Build an effective and robust information security environment within SITA to ensure that best practices are implemented for both the SITA internal environment and SITA-managed environments.
- Ensure a secure and dependable set of e-Government services and supporting infrastructure: To ensure that public-facing services are secure, robust and resilient against cyber-attacks and malware.
- Build highly capable information security and cybersecurity human capital: To ensure that South Africa has sufficient highly skilled individuals capable of ensuring the security of the South African cyber space and Government information systems.
- Position SITA as a leading agency in defending South African Government information assets (securing South African cyber space): To ensure a secure information systems environment for the South African Government in partnership with other organs of state sharing this mandate.

The table following table provides is a high level overview of planned security initiatives.

**Table 7 – Cyber security activities**

Key Security initiative	Definition	Key activities
<p>1. Build an effective and robust information Security environment within SITA</p>	<p>To ensure that best practices are implemented for both SITA internal environment and SITA managed environments</p>	<ul style="list-style-type: none"> <li>• Implement best of breed physical security controls and countermeasures in line with the risks</li> <li>• Incrementally implement an Integrated Physical Access Control System that links all SITA buildings.               <ul style="list-style-type: none"> <li>• Award the new physical guarding tender</li> <li>• Increase compliance rates with NKP Act and Regulations to above 90% (less than 10 % audit findings) on the three buildings.</li> </ul> </li> <li>• Build and integrate a Physical Security Operations Centre</li> <li>• Implement ICT controls for the Internal SITA Environment               <ul style="list-style-type: none"> <li>• Information Security Management                   <ul style="list-style-type: none"> <li>▪ Develop SITA security architecture</li> <li>▪ Integrate IS in SITA IT strategy.</li> <li>▪ Review IS governance framework( Policies, processes and standards)</li> <li>▪ Plan, execute and review the SITA Security Awareness Programme</li> <li>▪ Manage security risk mitigation activities</li> </ul> </li> <li>• SITA Business Continuity Plans ( IT Continuity for SITA internal, Hosting and WAN )                   <ul style="list-style-type: none"> <li>▪ Business Impact Assessment</li> <li>▪ Formulate and Implement the IT continuity strategy</li> </ul> </li> <li>• Identity and Access Management                   <ul style="list-style-type: none"> <li>▪ Operationalise phase 1 Identity Governance tool</li> <li>▪ Implement identity management</li> <li>▪ Rollout MS Active Directory project</li> </ul> </li> <li>• ICT Technical Controls Counter Measures                   <ul style="list-style-type: none"> <li>▪ Assess operational security gaps</li> <li>▪ Refine and Implement Security Technology procurement Plans</li> <li>▪ Implement Vulnerability Management, Endpoint security, Content Filtering, Data Protection, Application Security tools</li> </ul> </li> </ul> </li> </ul>
<p>1. Build an effective and robust information Security environment within SITA (cont.)</p>	<p>To ensure that best practices are implemented for both SITA internal environment and SITA managed environments</p>	<ul style="list-style-type: none"> <li>• Implement Secure Web Hosting environment for Government web applications               <ul style="list-style-type: none"> <li>▪ Implement hardware and software</li> <li>▪ Migrate web applications</li> <li>▪ Define Minimum Security Configuration requirements for different web development technologies ( security standards)</li> <li>▪ Continuous monitoring and security testing</li> </ul> </li> <li>• Database security               <ul style="list-style-type: none"> <li>▪ Assess security gaps</li> <li>▪ Define Database Security Standards against specific databases currently hosted by SITA</li> <li>▪ Produce and Implement Database Security Solutions</li> <li>▪ Conduct Independent Third party Audits on the environment</li> </ul> </li> <li>• Implement Server security               <ul style="list-style-type: none"> <li>▪ Auto Configuration of Virtual Servers.</li> <li>▪ Hardening of servers physical and virtual.</li> <li>▪ Physical and Virtual Server Protection.</li> <li>▪ Host Intrusion Prevention.</li> </ul> </li> </ul>



		<ul style="list-style-type: none"> <li>▪ File and system lockdown.</li> <li>▪ File Integrity.</li> <li>▪ Configuration Changes Monitoring.</li> <li>▪ Conduct Third Party Audits ( including Penetration Testing)</li> </ul>
1. Build an effective and robust information Security environment within SITA (cont.)	To ensure that best practices are implemented for both SITA internal environment and SITA managed environments	<ul style="list-style-type: none"> <li>• Implement ICT controls for the SITA Converged Communications Environment <ul style="list-style-type: none"> <li>• Next Generation Firewalls <ul style="list-style-type: none"> <li>▪ Implement next generation firewalls</li> <li>▪ Intrusion Detection and Prevention</li> <li>▪ WAF (Web Application Firewalls) Monitor all Network Security devices through the SOC ( Log Monitoring and reviews)</li> <li>▪ Conduct independent third party Audits</li> </ul> </li> <li>• Implement Application testing and scanning capability <ul style="list-style-type: none"> <li>▪ Identify technology requirement</li> <li>▪ Procure and implement</li> </ul> </li> </ul> </li> </ul>
2. Ensure a secure and dependable set of e-government services and supporting infrastructure	To ensure that public facing services are secure, robust and resilient against cyber-attacks and malware.	<ul style="list-style-type: none"> <li>▪ Define e-Government Security policy Requirements <ul style="list-style-type: none"> <li>▪ Incorporate Security requirements in the South African E-Government Policy (national e-Strategy from DTSP)</li> <li>▪ Define the e-government systems security certification process (minimum security requirements for e-Gov systems)</li> </ul> </li> <li>▪ e-Government Security Architecture <ul style="list-style-type: none"> <li>▪ Incorporate ICT security in the SITA e-Government Architecture</li> </ul> </li> <li>▪ e-Authentication Services <ul style="list-style-type: none"> <li>▪ Investigate integration of authentication services (Active Directory) into e-government platform</li> <li>▪ Investigate and explore the implementation of the following: <ul style="list-style-type: none"> <li>▪ Light version of Active Directory</li> <li>▪ Digital Rights Management</li> <li>▪ Create an e-Authentication Processes</li> </ul> </li> </ul> </li> <li>▪ Digital Signatures (Public Key Infrastructure) <ul style="list-style-type: none"> <li>▪ Establish and fully implement Procurement Contracts (SAPO MOU)</li> <li>▪ Integrate the digital signature process within Active Directory</li> <li>▪ Integrate digital signature within the Adobe Workflow Application Workflow</li> <li>▪ Rollout Digital Signatures for as part of e-Government authentication process ( together with Biometrics and passwords)</li> </ul> </li> <li>▪ Virtual Private Network Setup <ul style="list-style-type: none"> <li>▪ Implement security controls against the approved e-forms security architecture</li> <li>▪ Create secure VPN Access Architecture</li> <li>▪ Implement VPN on secure server infrastructure</li> </ul> </li> <li>▪ Ensure a secure E-government Server environment <ul style="list-style-type: none"> <li>▪ Run regular Vulnerability Scans</li> <li>▪ Conduct Regular independent Compliance Audits</li> </ul> </li> </ul>

<p>3. Build highly capable Information security and cybersecurity human capital</p>	<p>To insure that South Africa has sufficient highly skilled individuals capable of ensuring the security of the South African Cyber Space and Government information Systems</p>	<ul style="list-style-type: none"> <li>• Establish a new Professional Regime for the Information Security and Cybersecurity Professionals within SITA <ul style="list-style-type: none"> <li>• Benchmark ICT Security Roles within SITA against similar organizations tasked with protecting Government Information Systems ( include other SA Government Agencies in this process)</li> <li>• Explore Current SA government partnerships (BI-laterals) in the field of Cybersecurity and the International programs relating to ICTs.</li> <li>• Review the Current Job Specification, structures, capabilities and make necessary adjustments</li> <li>• Design and implement a career development strategy within the environment based on the Global Benchmarking exercise</li> </ul> </li> <li>• Identify, sign partnerships with the Industry and Academic Institutions <ul style="list-style-type: none"> <li>• Scan the South African environment for potential partners in training and enhancing Capacity in ICT Security and Cyber Defence capabilities</li> <li>• Develop training programs focused on SITA's skills deficiencies and skills projections for the Future</li> <li>• Implement the training programs and open them to our client base on information Security and Cyber Defence( including Ethical Hacking)</li> <li>• Establish or Partner with Academic institutions (including Security Cluster Colleges and Institutes) with great capabilities in the ICT Security and Cybersecurity space focusing especially on thought leadership, highly specialised skills, evolving and new threats etc.</li> </ul> </li> <li>• Leveraging on International Partnerships on Cyber Security Capacity Building <ul style="list-style-type: none"> <li>• Align SITA with current training and skills exchange with other Government departments on Cyber Security</li> <li>• Identify, benchmark visit, and Partner with similar International organizations that deal with Cyber Security</li> </ul> </li> <li>• Establish contracts for procurement of security goods and services from vetted suppliers</li> <li>• Establish a highly specialized ISS advisory services capability responding to Government ICT Security needs.</li> </ul>
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<p>4. Position SITA as a leading Agency in defending South African Government information Assets (Securing South African Cyber Space)</p>	<p>To ensure a secure Information Systems environment for the South African Government in partnership with other organs of State sharing this mandate</p>	<ul style="list-style-type: none"> <li>• Incrementally build a fully-fledged Government Security Operations Centre ( prioritizing ICT systems managed or hosted by SITA) <ul style="list-style-type: none"> <li>• Centralised Web Monitoring for all Critical Government Web sites.</li> <li>• End-to-end Vulnerability Management Capability</li> <li>• Security Incidents and Events Management (SIEM)</li> <li>• Build and Host a Cyber Security website which will share ICT Security developments ( including free sample standards, security tools etc.,</li> </ul> </li> <li>• Critical ICT Infrastructure(CII) protection <ul style="list-style-type: none"> <li>• Establish a CCI identification and protection committee for Government owned ICT systems (comprised of SITA, Security Cluster and other relevant Departments )</li> <li>• Produce and manage comprehensive list of CII and their security Status</li> <li>• Incrementally Produce, Publish and ensure Implementation of ICT Security standards and guidelines ( accord CII the same status as NKP)</li> <li>• Produce a comprehensive CII protection funding model in partnership with the SSA ( CII protection is a National Security Mandate in line with draft bill)</li> </ul> </li> <li>• Incrementally build a Comprehensive ICT Security Compliance Monitoring , Risk Assessment Capability <ul style="list-style-type: none"> <li>• Conduct an ICT Security Capability or Skills gap assessment within SITA</li> <li>• Conduct Regular ICT Security Audits on Critical ICT Infrastructure managed and/or hosted by SITA</li> <li>• Plan and Conduct a large Scale Cyber Security Awareness Program in line with the e-skills plans from DTSP</li> <li>• Partner, Recruit and Train SITA ISS staff on ICT Security/Digital Forensics, Cyber Defence, Compliance monitoring ,etc.</li> </ul> </li> </ul>
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### 5.2.7.2 Security management functions

Although new threats surface every day, SITA needs a solid foundation to perform the primary security management functions, which include the following:

- Protect information security assets, services and data with the latest security technologies.
- Detect security incidents and events through effective policy controlled monitoring.
- Run regular vulnerability assessments to ensure SITA's environment has robust and up-to-date security practices and measures.
- React to control, resolve and mitigate security incidents and events.
- Document standards, configurations, processes, procedures and knowledge regarding lessons learnt in past events.
- Prevention to eliminate risk through the implementation of lessons learnt and the application of knowledge gained.
- Periodically assess the entire information security landscape under our administration.
- Run security awareness campaigns to ensure an educated workforce that understand policy and operational responsibility.
- Centralising common security operational functions to the Security Operations Centre (this could be a separate entity to enhance its objectivity and independence), will maintain an overview of the entire information security landscape and continuously report on the overall security posture.

The implementation of the security controls, as outlined in the document, will ensure that SITA will be the **go-to provider of end-to-end services for the most secure IT environments** and will be in a position to successfully counter cybersecurity attacks. The proposed SITA Security Operations Centre will be driving integrated ICT security across the SITA-managed government infrastructure. SITA organisation

### 5.2.8 A new organisational archetype

A comparison of various organisational archetypes was conducted to define the required business model for SITA to meet its mandate and maintain a healthy organisation. The four organisational archetypes that were in comparison are depicted in the picture below.



Figure 19 – Organisational archetypes

SITA has to adopt a customer-centric (market-focused) organisational archetype, which will require a special emphasis on the areas shown in

Table 8.

**Table 8 – Customer-centric organisational archetype**

<b>Customer-centric organisation archetype</b>	
Customer focus	Understanding customers and responding to their needs
Competitive insights	Acquiring and using information about the government ICT market to inform business decisions
Business partnerships	Building and maintaining a network of external business partners
Financial management	Focusing on financial KPIs and the effective allocation and control of financial resources to monitor and manage performance
Government community relations	Developing strong relationships with the public, local communities, government and regulatory agencies
Capturing external ideas	Importing ideas and best practices from outside organisation

### 5.2.9 Organisational health

Research shows that it is important for an organisation to manage performance (what it delivers to stakeholders in financial and operational terms, e.g., net operating profit, ROACE, TRS, net operating costs, stock turn) and health (the ability to align, execute and renew to sustain exceptional performance) over time with equal rigour.

Research also identified the four priority practices that will build a healthy organisation. All four require specific mind-set and behaviour shifts.

#### **Become a customer-centric organisation by:**

- setting up a dedicated team to address burning platform issues for SITA’s biggest customers through the Quick Wins platform;
- formalising customer feedback mechanisms by leveraging the GITO Council to proactively capture customer issues and develop and track resolutions;
- prioritising customer perspectives in decision-making by assigning an EXCO member to each of the top customers as an internal champion for the most pressing issues;
- raising the importance of customer satisfaction in performance management through the Corporate Balance Scorecard, APP and divisional-level performance scorecards; and
- conducting a quarterly “day in the life of a customer” workshops with SITA’s top 10 customers to understand the customer perspective.

#### **Recognise and reward exceptional people by:**

- developing and implementing a recognition and rewards programme;
- establishing and enforcing a rigorous feedback and evaluation system that delivers against clearly-defined objectives and introduces rewards and consequences; and



- creating and implementing a highly visible catalogue of possible rewards and recognition, e.g. a digital “wall of fame” or a monthly CEO breakfast/lunch for top performers.

**Build an open and trusting culture by:**

- building a high-performance organisation (HPO);
- developing an interactive employee response mechanism to measure interaction with management, level of trust, and flow of information in the organisation;
- introducing quarterly team “lessons learnt” sessions led by heads of departments to discuss barometer results;
- developing and implementing a culture programme;
- ensuring that the CEO and EXCO role-model open communication by sharing and encouraging the “permission statement” with the organisation to encourage the desired behaviours;
- inviting support staff to attend and contribute to CEO challenge sessions;
- introducing a monthly CEO reflection on the transformation progress;
- developing a CEO change story and cascading it through the organisation; and
- holding CEO and EXCO road shows to communicate and interactively engage on SITA’s vision and strategy.

**Empower SITAzens to fully leverage their capabilities by:**

- designing and embedding a leadership development programme for the top 100 employees to develop communication and mentoring skills;
- developing a clear career path and career management programme for employees with metrics for measuring performance and determining promotion;
- introducing monthly “safe space” peer learning sessions to capture issues arising from experiences, e.g., the reasons for tender cancellations; and
- implementing a knowledge management strategy.

## 5.2.10 Business enablers

### 5.2.10.1 Key enablers

SITA faces a series of tipping points and it is the internal capacity and capability of its business that will play a pivotal role towards overcoming these challenges and make growth and strategy realisation possible.

This section reviews the key enablers towards SITA’s success, grouping them into five clusters, i.e.:

- a) implement an Enterprise Management Programme Office (EPMO);
- b) integrate and automate finance and procurement processes;
- c) create transparency on cost;
- d) recruit top talent to SITA; and
- e) develop and implement a new customer centric engagement model.

### 5.2.11 Clusters

a) The EPMO (Enterprise Programme Management Office) will be established in the office of the CEO in order to ensure effective, efficient and strategic execution of the SITA strategy. The functions of the EPMO will include the development of business plans, dashboards and will further advise on the delivery of all the identified projects stemming from the strategy. The EPMO will manage SITA’s strategic initiatives to ensure effective delivery of all the identified projects stemming from the strategy supported by the strategic portfolio managers. The EPMO establishment will ensure robust performance management and dialogues between key

stakeholders on the execution of strategic initiatives. The initiatives will be managed through the development of management tools and dashboards with regular reporting to EXCO. This office will provide a transparent and single view of the performance of strategic projects

b) Nurture top talent (leadership and ICT skills)/recruiting top talent: The securing of high-calibre leadership management skills and ICT skills is deemed as being a critical element as the way the business is managed has a strong effect on its performance. Improving on its ability to secure high performing Executive Management leadership and ICT skills has a direct bearing on SITA's ability to increase its productivity and output. Elements for implementation would include the following:

- i) fill vacant Executive positions as motivated by the business optimisation proposal supported by the revised organisational structure;
- ii) implement an integrated talent management strategy;
- iii) evaluate and optimise recruiting processes, including automation; and
- iv) launch a young leaders programme to develop internal talent (skills and leadership development strategy).

c) Develop and implement a new customer centric engagement model: The key thrust of the strategy is the placement of customer challenges, fears and dissatisfaction as a primary area of focus. This emphasis is informed by the understanding that comprehension of customer needs define new market opportunities, drive innovation and ultimately revenue growth.

## **6. Functional structure and Operating model**

### **6.1 Functional structure**

SITA has revised its organisational structure to optimise critical functions with aim of improving the organization's ability to provide strategic and high quality operational services to customers across the relationship, solution and technical planning and operational interfaces.

The revised structure will ensure that there is high-level coordination between the service delivery functions and better coordination and monitoring and evaluation of all the strategic programs of the organization. The benefits of the new functional structure are listed as follows:

#### ***Benefits for SITAzens***

- a) Less duplication of effort, direct accountability matched with empowerment of employees to own service excellence
- b) New functions (green fields) that will afford SITAzens the unique opportunity to define these areas and create a new vision on what these areas can and will achieve and enable SITA to become a thought partner to Government
- c) It offers SITAzens the opportunity to create a healthy and positive working environment; in which people join hands and pull together to improve service delivery to our customers and strengthen SITA's brand
- d) It creates a new opportunity to work together collectively in new teams and collectively achieve more than what one person or team could do
- e) It offers SITAzens the new opportunity to grow as SITA invests in their professional growth and development in these new areas
- f) This optimisation effort presents a once in a career opportunity to turn around SITA which will result in more attractive and focused roles.

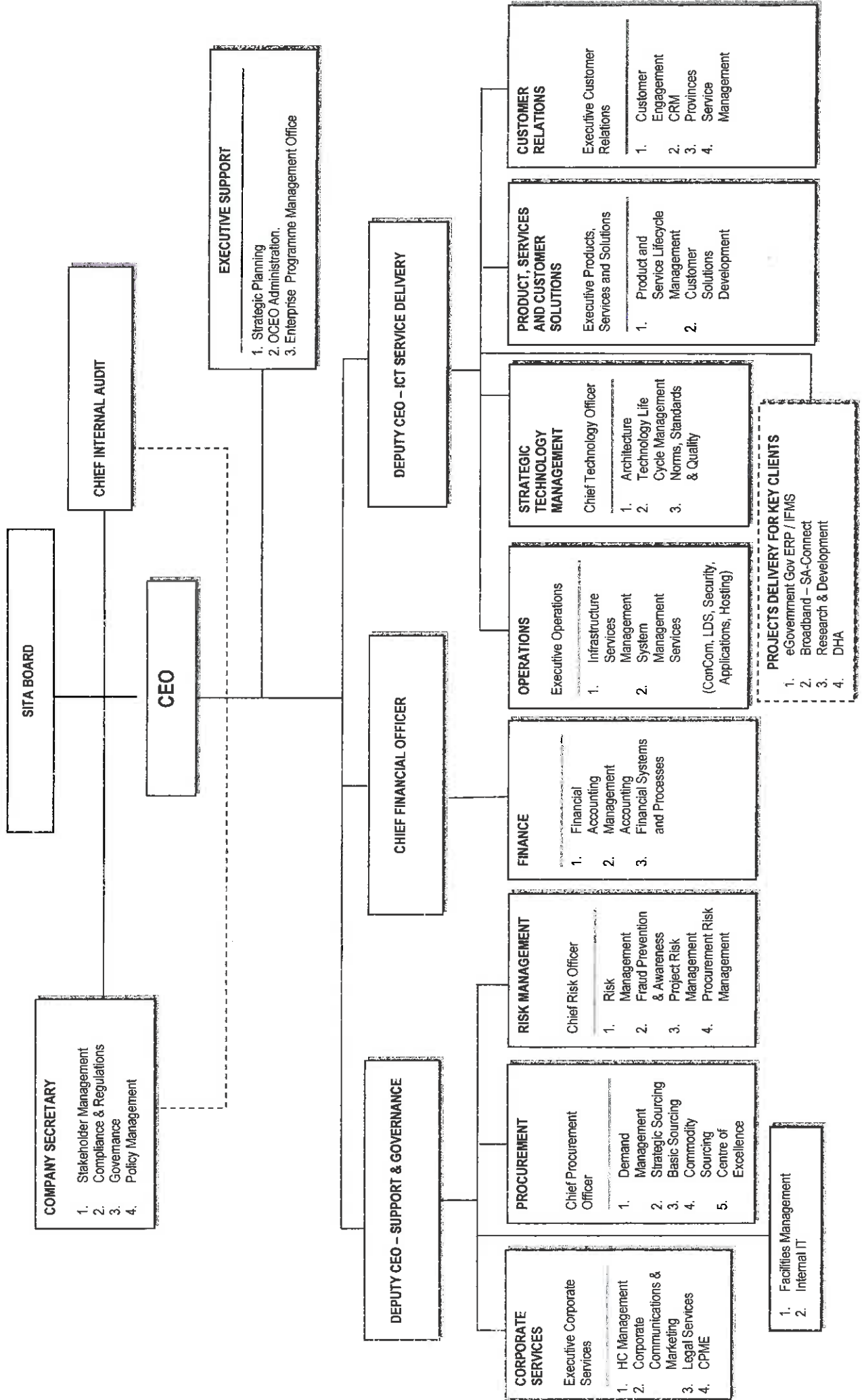
#### ***Benefits for Clients***

- a) SITA is able to bring the organisations mandate to life
- b) SITA will offer relevant; better and improved products and services to our customers
- c) SITA will address customers' requirements and improve customer satisfaction

***Benefits for the Organisation***

- a) The negative perception and image of the Agency and its employees will improve
- b) Government and SITA clients will recognise the relevance of SITA services to the development of the country

**The functional structure to govern and manage the SITA strategic plan is depicted below.**



## 6.2 Operating model

The operating model (Figure 20) is based on the process of meeting customer needs or service requests.

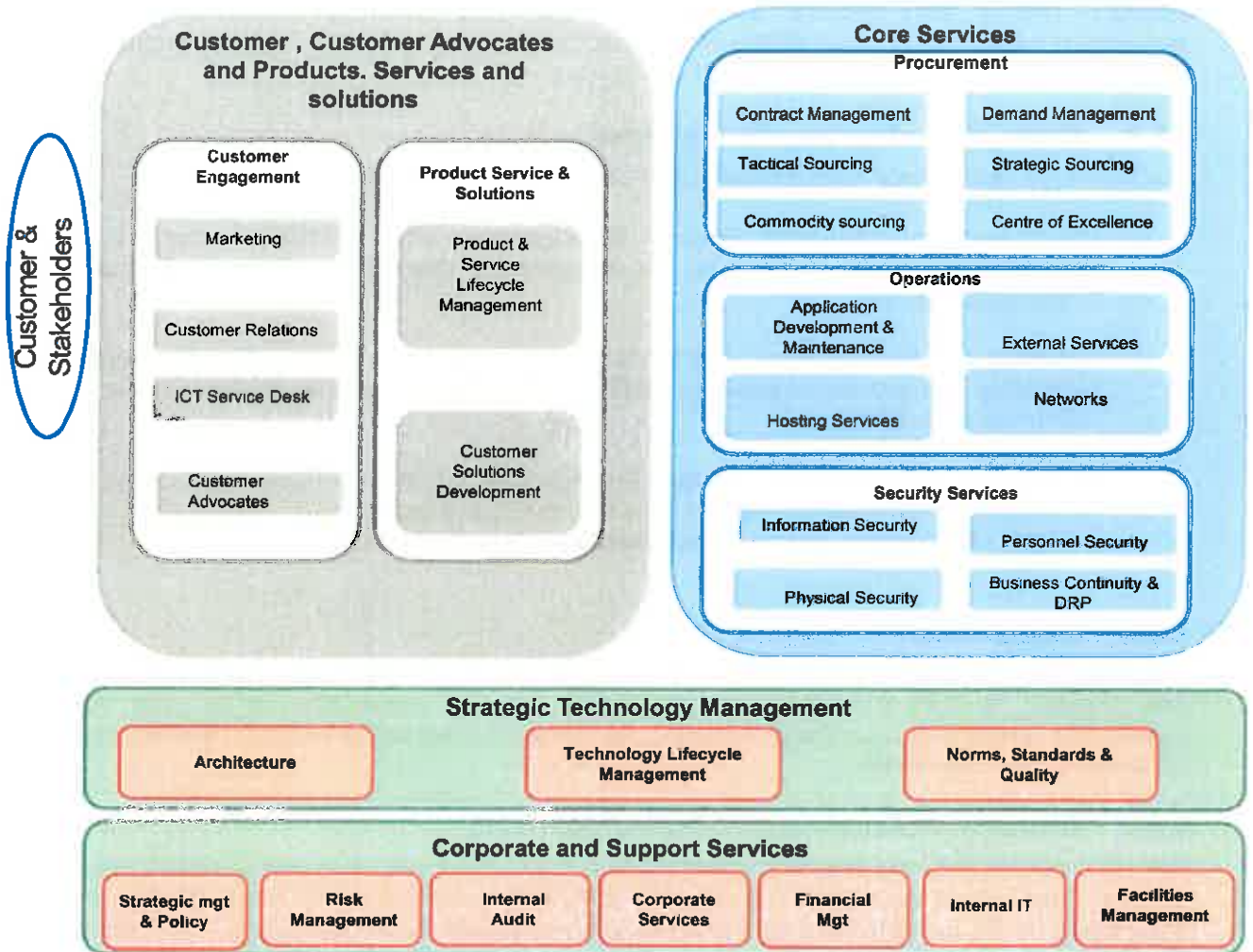


Figure 20 – Operating model

The operating model (Figure 20) is based on the process of addressing customer requirements and improving service delivery.

The key changes flowing from the business optimisation strategy and the revised macro-structure which were addressed to support and implement the SITA strategic plan are outlined below:

### 6.2.1 Office of the Chief Executive Officer

The CEO is the executive officer of the organisation and reports to the Board of Directors. The CEO takes accountability for the operational capability of the entire organisation and is supported by the Deputy CEOs, the CFO and Executive in the Office of the CEO. Internal Audit and Company Secretary report administratively to the CEO.



## 6.2.2 Customer Relations

SITA's strategy is to transform SITA to become a customer-centric organisation. This organisation archetype requires that SITA places the customer at the centre of its operations.

The Customer Relations Management function ensures customer satisfaction by growing and retaining customer markets and services at all the three spheres of government. A customer advocacy role is being explored to improve SITA's poor customer engagement in order to strengthen relationships with SITA's customers and address critical business requirements on time.

## 6.2.3 Strategic Technology Management

The Strategic Technology Management (STM) function has been streamlined by:

- Establishing an Enterprise Program Management Office (EPMO) function to provide more comprehensive monitoring and evaluation of the entire set of strategic programs in the organization.
- Research and Development (R&D) function will re-focus its mandate to look at long technology options for improving public service delivery outside of the current thinking within the organization.
- Re-focusing the remainder of the STM functions to Architecture, technology lifecycle management and Quality, Norms and Standards in support of the Operations, Customer and the new Product, Services and Customer Solution functions.

## 6.2.4 Procurement

The role of Procurement is to facilitate the acquisition of ICT goods and services much faster and cheaper. To fulfil this mandate the function requires capabilities to do basic sourcing, commodity sourcing and strategic sourcing, as well as a transversal support function to enable all the sourcing capabilities.

## 6.2.5 Products, Services and Customer Solutions

The ICT Service Delivery Executive position has been converted to a new function, Executive: Product, Services and Customer Solutions, that will consolidate the non-technical functions that reside in the Service Delivery Lines of Business. Specifically, this new executive function would provide life-cycle management of all the organization's products and services and will also be the source of the organizational capabilities for the creation of customer solutions and specialization in the subject matter of the departments of government. Thus, the function will provide a cross-section of expertise of the different technical platforms that reside within the organization and also knowledge of the strategic issues facing the different departments of government. Lastly, the function will enable the organization to become a solution-oriented organization, migrating from its current shape of being mere IT technical functions to being a provider of improvements to government service delivery through the use of ICT.

## 6.2.6 Operations

The scope of the Service Delivery Lines of Business (Infrastructure and Systems Management) has been amended to limit the functions that fall therein to focus solely on technical operational management. The typical key performance areas would be those related to raising the minimum service level promises made to customers from the current bronze (95-98% availability) to at least silver (98-99% availability).

The organisation will manage the new Service Delivery Lines of Business under one Executive position, which will be referred to as Executive: Operations.

### **6.2.7 Strategic Programme Managers**

The activities related to the rollout of the new IFMS solution have been moved to a new program management structure that will also incorporate e-Government related activities. The strategic programme managers will be supported by the new EPMO to manage strategic activities related to SA-Connect, e-Government and research and development. Such new capability will streamline and improve on the organization's ability to provide oversight of delivery on strategic projects.

### **6.2.8 Facilities Management**

The Facilities Management function reports to the Deputy CEO Support and Governance. The Agency's strategic focus and resources were not aligned to SITA's facilities portfolio in terms of its complete life cycle. As a result various challenges are prevalent which continue to pose serious risks to the Agency's ability to execute on initiatives. The current functional and conditional state of the facilities does not enable the entity to deliver on Infrastructure development and maintenance as well as address the aging and dysfunctional facilities due to poor planning. There is a lack of a comprehensive facilities resource plan that is linked to the entire Life Cycle Management of SITA immovable assets and a failure to explore alternative infrastructure acquisition planning and development methods.

### **6.2.9 Internal IT**

The objective is to align its fulfilment functions to make more efficient and effective use of the internal technical capabilities within the customer-facing functions of the organization, whilst also ensuring that internal requirements are not under-prioritized to the detriment of general internal corporate operations.

### **6.2.10 Corporate Services**

The function provides support services to the organisation and its responsibilities include Human Capital Management, Corporate Communications and Marketing, Corporate Performance Management and Legal Services.

### **6.2.11 Finance**

The function is responsible for developing financial strategies to ensure the Agency is financial sustainable. To do this the finance function support services to the organisation and its responsibilities include financial accounting, management accounting and financial systems and process management. The Board has also approved the migration or creation of the functions that are performed outside Finance, namely, Billing, Order Management and Logistics, and Internal Control functions. The migration will enable Finance division to function optimally.

### **6.2.12 Risk Management**

The function provides enterprise risk management to the organisation.

### **6.2.13 Company Secretariat**

The importance of effective Corporate Governance including but not limited to compliance and the regulatory function is critical to organisations more so SITA hence the positioning of the function in the office of the company secretary. The addition of stakeholder management to this portfolio will ensure that the company secretary works closely with the chairperson and the Board to ensure that effective shareholder and broader Government stakeholder relations are maintained and improved.

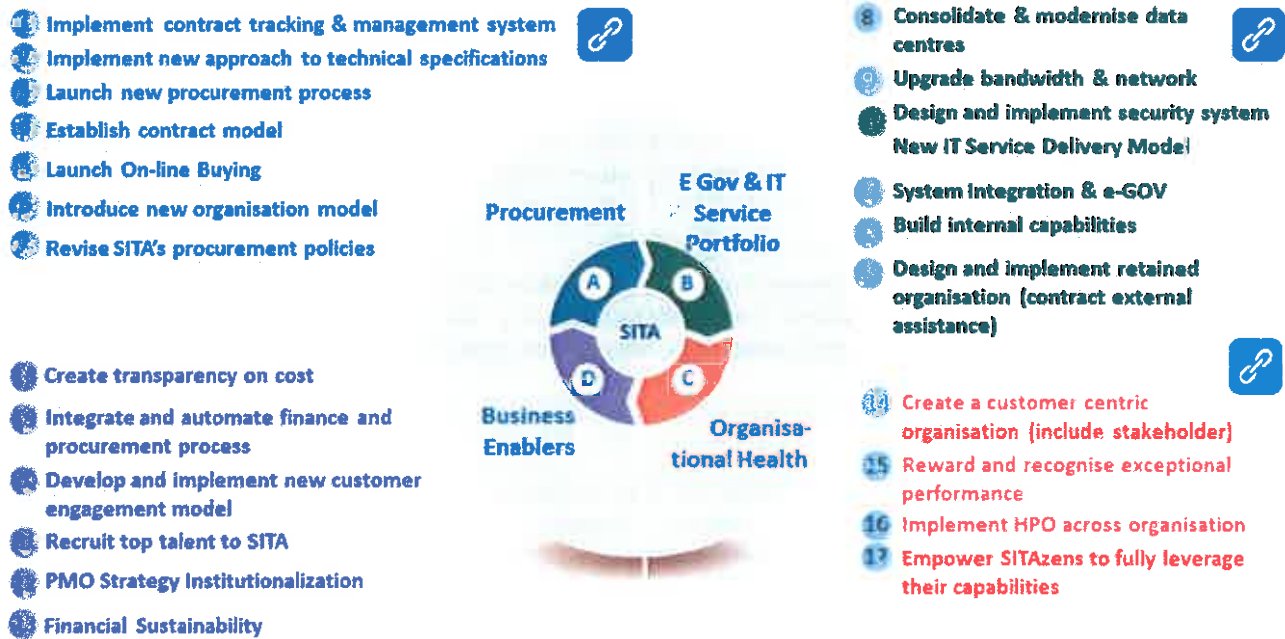
## **6.3 Strategic five-year plan summary**

SITA's value proposition is derived from the Government ICT House of Values. It is about ensuring efficiency and cost-effectiveness in government service delivery. It is also about assisting Government to leverage economies of scale in the procurement of ICT goods and services, as well as providing innovative ICT solutions. SITA will build strong capabilities in order to be the hub where government data assets are integrated, hosted, secured and

supported in a connected government environment to improve decision making for improved service delivery and accountability.

To realise the value proposition, strategic focus will be placed on transforming and excelling in the areas of **procurement**, **IT service delivery**, and **organisational transformation**, which is supported by robust business enablers, as depicted in Figure 21 below.

## SITA's transformation journey will be implemented through 23 initiatives across 4 key categories



**Figure 21 – Transformation journey**

Highlights of the transformation over the MTEF 2014/2015 to 2018/2019 involve an aggressive transformation programme to rapidly stabilise the organisation (2014/15), address burning customer and service delivery issues (2015/2016), and improve service delivery and financial sustainability (2016/17) to enable SITA to grow and excel in the medium term. In the fourth and fifth year, SITA will need to aggressively diversify its client base and modernise its service offering to increase customer satisfaction (2017/2018) and deliver on its strategic mandate (2018/2019), with a view to optimise government use of ICT to enable service delivery.

### 6.4 Programme overview

The strategic drivers are implemented through the six strategic programmes; these are aligned to the strategic goals in the table below.

**Table 9 – Strategic programmes and goals**

Strategic programme	Goals
<b>Programme 1: Service Delivery</b>	<b>Goal 1:</b> To provide high-quality IT services to enable Government to deliver efficient and convenient services through the use of ICT
<b>Programme 2: Infrastructure</b>	<b>Goal 2:</b> To optimise the provision of SITA's IT infrastructure services in order increase availability, flexibility, scalability, predictability and security

Strategic programme	Goals
<b>Programme 3:</b> Procurement	<b>Goal 3:</b> To address all issues relating to delayed procurement turnaround times, removing customer pain points, and transforming the procurement function
<b>Programme 4:</b> Financial Sustainability	<b>Goal 4:</b> To ensure an effective and efficient financial management and ensure financial growth and sustainability
<b>Programme 5:</b> Organisation	<b>Goal 5:</b> To build and maintain organisational capability to enable SITA to achieve its strategic imperatives and becomes an employer of choice within the ICT industry
<b>Programme 6:</b> Governance and Administration	<b>Goal 6:</b> To provide leadership, strategic management, governance, risk and resource management in line with government-accepted norms and standards

## Part B: Strategic objectives

### 7. Programmes

This section outlines six key programmes together with their related objectives, resource consideration and risks that the agency will execute to achieve its strategic goals. The programmes are derived from the strategic outcomes.

#### 7.1 Programme 1: Service Delivery

**Strategic goal:** To provide high-quality IT services to enable Government to deliver efficient and convenient services through the use of ICT.

**Table 10 – Service delivery programme strategic objectives, performance indicators and targets**

Strategic objectives	Performance indicators	2014 -2015 Annual target	2015-2016 Annual target	2016 -2017 Annual target	2017-2018 Annual target	2018-2019 Annual target
Enhance efficiency of Government business processes	# of e-Government services implemented	90% as per approved plan	15 vertical integrated e-services implemented	20 e- services implemented	5 e- services implemented	10 e- services implemented
Improve Security of Government Data assets	Level of maturity of ICT security	95% of security plans implemented (vetting employees, ICT security, physical security, subsidiary security)	>90% of security (ICT controls) plan implemented	Implementation of the following security controls: <ul style="list-style-type: none"> <li>• Endpoint protection</li> <li>• Threat Management</li> </ul>	Attain Information Security Maturity Level 2 as per generic security controls model	Attain Information Security Maturity Level 3 as per generic security controls model
	% compliance of SITA NKP with SAPS evaluation			>90% compliance of SITA NKP with SAPS evaluation	>92% compliance of SITA NKP with SAPS evaluation	>94% compliance of SITA NKP with SAPS evaluation
	% compliance to personnel security clearance requirements			>90% compliance to personnel security clearance requirements	>90% compliance to personnel security clearance requirements	>90% compliance to personnel security clearance requirements
Transform SITA into customer centric organisation	Customer Satisfaction Level	-	-	60 % customer satisfaction level	70% customer satisfaction level	80% customer satisfaction level



Strategic objectives	Performance indicators	2014 - 2015 Annual target	2015-2016 Annual target	2016 - 2017 Annual target	2017-2018 Annual target	2018-2019 Annual target
Achieve growth in government market share	% Performance against measured contracted SLA metrics	95% implementation against contracted SLA metrics	95% Performance against contracted SLA metrics	95% Performance against measured contracted SLA metrics	98% Performance against measured contracted SLA metrics	98% Performance against measured contracted SLA metrics
	% increase in government market share	-	-	10% increase in government market share on designated services (increase on 2014/2015)	10% increase in government market share on designated services (increase on 2016/17 target)	10% increase in government market share on designated services (increase on 2017/18 target)
	% retention of services provided to customer	-	-	90% retention of services provided to customers	95% retention of services provided to customers	98% retention of services provided to customers

## 7.2 Programme 2: Infrastructure

**Strategic goal:** To optimise the provision of SITA's IT infrastructure services in order increase availability, flexibility, scalability, predictability and security.

**Table 11 – Infrastructure programme strategic objectives, performance indicators and targets**

<b>Strategic objectives</b>	<b>Performance indicators</b>	<b>2014-2015 Annual target</b>	<b>2015 – 2016 Annual target</b>	<b>2016-2017 Annual target</b>	<b>2017-2018 Annual target</b>	<b>2018-2019 Annual target</b>
Consolidate and modernize data centers	# of Data centres modernized	90% implementation of data centre upgrades	90% of milestones completed as per annual plan	3 SITA owned data centres stabilized to 99.749% availability electrically and mechanically	3 SITA owned data centres certified at level3 with the Uptime Institute	3 SITA owned data centres modernized to 99.82% availability in line with the certified designs
	# of storage and server infrastructure refreshed			Infrastructure and modernisation plan approved by Board		-
Improvement of ICT Infrastructure: Disaster Recovery (DR)	# of disaster recovery sites established		90% adherence to DR plan for the year	2 disaster recovery sites established	5 disaster recovery sites established	7 disaster recovery sites established

### 7.3 Programme 3: Procurement

**Strategic goal:** To address all issues relating to delayed procurement turnaround times, removing customer pain points, and transforming the procurement organisation.

**Table 12 – Procurement programme strategic objectives, performance indicators and targets**

Strategic objectives	Performance indicators	2014-2015 Annual target	2015-2016 Annual target	2016-2017 Annual target	2017-2018 Annual target	2018-2019 Annual target
Improve procurement operational efficiency (to enable service delivery)	% of tender awards completed within the targeted turnaround time Development and roll-out of the Government Transversal e-Procurement portal	63% of tender awards completed within the targeted turnaround time	70% of tender awards completed within the targeted turnaround time	65% of tender awards completed within the targeted turnaround time	80% of tender awards completed within the targeted turnaround time	85% of tender awards completed within the targeted turnaround time
Drive ICT cost effectiveness through economies of scale	% Actual savings on acquisition of ICT goods and services with major OEM's / OSM	12% actual savings on acquisition of ICT goods and services with major OEMs	12% actual savings on acquisition of ICT goods and services with major OEMs	10% actual savings on acquisition of ICT goods and services with major OEMs / OSM	10% actual savings on acquisition of ICT goods and services with major OEMs / OSM	10% actual savings on acquisition of ICT goods and services with major OEMs / OSM
Drive Economic Transformation agenda	% of ICT acquisition spend through SMME entities # of SMME entities completed SITA Enterprise Development (ED) programs	5% of ICT acquisition spend through SMME entities	10% of ICT acquisition spend through SMME entities	15% of ICT acquisition spend through SMME entities	20% of ICT acquisition spend through SMME entities	30% of ICT acquisition spend through SMME entities
				10 SMME entities completed SITA Enterprise Development (ED) programs	30 SMME entities completed SITA Enterprise Development (ED) programs	50 SMME entities completed SITA Enterprise Development (ED) programs

## 7.4 Programme 4: Financial Sustainability

**Strategic goal:** To ensure effective and efficient financial management and ensure financial growth and sustainability.

**Table 13 – Financial sustainability programme strategic objectives, performance indicators and targets**

<b>Strategic objectives</b>	<b>Performance indicators</b>	<b>2014-2015 Annual target</b>	<b>2015-2016 Annual target</b>	<b>2016-2017 Annual target</b>	<b>2017-2018 Annual target</b>	<b>2018-2019 Annual target</b>
Achieve Sound Financial Management	% EBIT	-	-	2% EBIT	8% EBIT	9% EBIT
	Liquidity Ratio	1.2:1	1.2:1	1.2:1	1.2:1	1.2:1
	% Gross Margin % expenditure against approved Capex budget	80% expenditure against approved Capex budget	60% expenditure against approved Capex budget	20% Gross Margin 90% expenditure against approved Capex budget	23% Gross Margin 95% expenditure against approved Capex budget	25% Gross Margin 98% expenditure against approved Capex budget

## 7.5 Programme 5: Organisation

**Strategic goal:** To build and maintain organisational capability to enable SITA to achieve its strategic imperatives.

**Table 14 – Organisation programme strategic objectives, performance indicators and targets**

Strategic objectives	Performance indicators	2014-2015 Annual target	2015-2016 Annual target	2016-2017 Annual target	2017-2018 Annual target	2018-2019 Annual target
Build a Healthy & High Performing Organisation	% Improvement on HPO baseline and HPO institutionalisation	-	10% Improvement on HPO baseline (6 dimensions as per plan)	Drive & implement 80% of the 13 HPO Dimensions as per the HPO improvement plan	10% Improvement on HPO baseline	Drive & implement 80% of the 13 HPO Dimensions as per the HPO improvement plan
	% of critical positions with minimum cover ratio of 1:2	-	90% Recruitment as per the top talent Plan	20% of critical positions with minimum cover ratio of 1:2	30% of critical positions with minimum cover ratio of 1:2	40% of critical positions with minimum cover ratio of 1:2

## 7.6 Programme 6: Governance and Administration

**Strategic goal:** To provide leadership, strategic management, governance, risk and resource management in line with government-accepted norms and standards.

**Table 15 – Governance and administration programme strategic objectives, performance indicators and targets**

Strategic objectives	Performance indicators	2014-2015 Annual target	2015-2016 Annual target	2016-2017 Annual target	2017-2018 Annual target	2018-2019 Annual target
Establish effective governance practice	# of Material Auditor General findings on finances, predetermined objectives and compliance to laws and regulations	-	All 2014/15 MLPs resolved	0 Material Auditor General findings on finances and predetermined objectives	0 Material Auditor General findings on finances, predetermined objectives and compliance to laws and regulations	0 Material Auditor General findings on finances, predetermined objectives and compliance to laws and regulations
	Maturity level of risk management Implementation	-	4 Maturity level of risk management implementation	4 Maturity level of risk management implementation	4 Maturity level of risk management implementation	4 Maturity level of risk management implementation



Proactive approach to procurement compliance including fraud & corruption	# of findings in the External Audit with respect to fraud and corruption in procurement process related activities.	-	0 findings	0 findings	0 findings
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## 8. Strategic risks and mitigations

The key strategic risks that may affect realisation of the strategic objectives stated in the table below. Each risk has a mitigation plan and these are managed to ensure implementation and limit exposure to risk.

**Table 16 – Strategic risks and mitigations**

Risk #	Strategic Objective	Risk	Mitigation Strategy/Plan
SR001	Proactive approach to procurement compliance including fraud & corruption	Internal & external fraud and corruption related to procurement processes	<ol style="list-style-type: none"> <li>1. Conduct fraud risks assessment, reviewed fraud prevention plan/strategy and implementation of deterrence, detection and Awareness and Training components of the plan</li> <li>2. Employee vetting at "Top Secret" level</li> <li>3. Declaration interest by officials per specific transaction executed</li> </ol>
SR002	Improve procurement operational efficiency (to enable service delivery)	Inability to deliver services timeously	<ol style="list-style-type: none"> <li>1. Implement SCM policy</li> <li>2. Implement SCM Strategy (including SLA)</li> <li>3. Introduce contract tracking and management system</li> <li>4. Implement new approach to technical specifications</li> <li>5. Launch new procurement processes</li> <li>6. Establish contract model</li> <li>7. Introduce new organisation model (procurement)</li> <li>8. Revise SITA procurement policies</li> </ol>
SR003	Drive ICT cost effectiveness through economies of scale	Limited value for money	<ol style="list-style-type: none"> <li>1. Market Research</li> <li>2. Procurement Plan</li> <li>3. Training for Negotiation skills</li> <li>4. Commodity Management Approach</li> <li>5. OEM / OSM Partnerships</li> <li>6. Fact-based negotiation</li> </ol>

Risk #	Strategic Objective	Risk	Mitigation Strategy/Plan
SR004	Drive ICT Economic Transformation agenda	Inability to play a meaningful thought leadership role within the public and private sector ICT space	<ol style="list-style-type: none"> <li>1. Change Management delivery - transformation agenda</li> <li>2. Revised Transformation (SMME) SCM Strategy</li> </ol>
SR005	Enhance efficiency of Government business processes	Potential change of SITA mandate by the DTPS	<ol style="list-style-type: none"> <li>1. Create SITA position (strategy) in relation to the changes that are happening in the industry -to influence the ICT Policy.</li> <li>2. Legislative mandate</li> </ol>
SR006	Enhance efficiency of Government business processes	Inability to deliver reliable ICT services to customers	<ol style="list-style-type: none"> <li>1. Revise infrastructure plans - develop comprehensive plans</li> <li>2. Develop institutional change management strategy</li> <li>3. Review the SITA business and operating model</li> <li>4. Design and implement a service management function</li> <li>5. Develop business continuity management</li> <li>6. Develop and implement skills development plan (technical skills) <ul style="list-style-type: none"> <li>* identify and implement quick wins from above actions</li> </ul> </li> </ol> <ol style="list-style-type: none"> <li>1. Implement flagship projects (e-gov; e-cabinet; IFMS)</li> <li>2. Establish Interim Disaster Recovery Data Centre</li> <li>3. Consolidate and Modernise DC and Switching Centres</li> <li>4. Upgrade bandwidth and Network</li> <li>5. Internal process integration and automation</li> <li>6. Create a customer centric organisation</li> </ol>
SR007	Enhance efficiency of Government business processes	Poor relationships with stakeholders	<ol style="list-style-type: none"> <li>1. Develop and implement a comprehensive Stakeholder Management Strategy.</li> <li>2. Create a customer centric organisation.</li> </ol>
SR008	Enhance efficiency of Government business processes	Out-dated and obsolete ICT infrastructure	<ol style="list-style-type: none"> <li>1. Overarching Infrastructure &amp; Services Strategy</li> <li>2. Establish interim Disaster Recovery Data Centre</li> <li>3. Consolidate and Modernise DC and Switching Centres</li> <li>4. Upgrade Bandwidth and Network</li> <li>5. Modernise hosting infrastructure</li> <li>6. Modernise end to end network and service management systems</li> </ol>
SR009	Improve Security of Government Data assets	Inability to safeguard government data	<ol style="list-style-type: none"> <li>1. Design and implement security systems</li> <li>2. Review and upgrade ICT Security</li> <li>3. Develop and implement Consolidated Security Strategy</li> <li>4. Implement Skills Development Plan</li> </ol>

Risk #	Strategic Objective	Risk	Mitigation Strategy / Plan
SR010	Achieve Revenue Growth	Inability of the organisation to self-sustain	<ol style="list-style-type: none"> <li>1. Develop growth and retention strategy</li> <li>2. Implement revised business and operating models</li> <li>3. Create transparency on costs</li> <li>4. Develop and implement stakeholder management framework</li> <li>5. Develop and implement enhanced customer-focus weekly reports for monitoring and evaluation of operations</li> <li>6. Implement enhanced financial planning</li> </ol>
SR011	Build a Healthy & High Performing Organisation	Unrealised SITA mandate (value proposition)	<ol style="list-style-type: none"> <li>1. Review the business model</li> <li>2. Develop and implement the operating model</li> <li>3. Develop and implement change management strategy</li> </ol>
SR012	Build a Healthy & High Performing Organisation	Inability to attract, develop and retain talent	<ol style="list-style-type: none"> <li>1. Implement approved Talent Management Strategy</li> <li>2. Ensure timeous contracting by executives and cascading of scorecards within the first month of the financial year.</li> <li>3. Submission of annual HR plans to HCM before 31 March 2016 by divisions and departments.</li> <li>4. Managers/LOB's to improve on their engagement and feedback with their employees</li> <li>5. Streamline accountability lines and hold LOB's accountable for their departments.</li> <li>6. Implementation of the Reward and Recognition Strategy</li> <li>7. Empower SITAzens to fully leverage their capabilities</li> <li>8. Conduct a skills audit for our employees</li> <li>9. Implement a capability enhancement program informed by the Skills audit recommendations.</li> <li>10. Develop and implement Change Management Strategy</li> <li>11. Implementation of Career Management and Succession Planning Strategy</li> <li>12. Develop and implement officer accommodation Strategy</li> </ol> <p>No Initiative/s that talks to this risk on the APP</p>
SR013	Build a Healthy & High Performing Organisation	Inability to extract value from internal human capital (work- force)	<ol style="list-style-type: none"> <li>1. Implement approved Integrated Performance Management Policy</li> <li>2. Ensure timeous contracting by executives and cascading of scorecards within the first month of the financial year.</li> <li>3. Divisions and departments to submit to HCM their annual HR plan before the end of March 2016</li> <li>4. Improve and monitor feedback/engagement to employees by Managers/LOB's</li> <li>5. Streamline accountability lines and hold LOB's accountable for their departments.</li> <li>6. Build an open and trusting culture</li> <li>7. Develop and implement appropriate systems</li> </ol>

Risk #	Strategic Objective	Risk	Mitigation Strategy/Plan
SR014	Establish effective governance practice	Unclear strategic objectives	<ol style="list-style-type: none"> <li>1. Review Business Model, Operating Model with improved consultation with the board</li> <li>2. Establish effective governance practice</li> </ol>
SR015	Establish effective governance practice	Inability of executives to discharge their duties	<ol style="list-style-type: none"> <li>1. Improved joint planning at a strategic and operational level</li> <li>2. Revise and implement DOA</li> <li>3. Improved execution of approved plans</li> </ol>
SR016	Establish effective governance practice	Inability to sustain business transformation plans	<ol style="list-style-type: none"> <li>1. Improved execution of the plan and strategy</li> </ol>
SR017	Achieve Sound Financial Management	Non-compliance with legislation	<ol style="list-style-type: none"> <li>1. Establish Compliance a Framework and function</li> </ol>
SR018	Achieve Sound Financial Management	Material audit adjustments on financial statements	<ol style="list-style-type: none"> <li>1. Review of the financial management policy</li> <li>2. Review of the financial management system</li> <li>3. Implement Financial Data Management System</li> <li>4. Enhance monitoring and evaluation of financial data</li> <li>5. Implementation of the PMS</li> </ol>

## 9. Resource Considerations

The resources consideration for the execution the strategic objectives defined in all six programmes amounts to a total number of 3403 employees within the core functions, provinces and support services. The total number of employees is derived from the current organisational structure of the organisation.

The effort, time, inputs and outputs required from the defined number of employees as well as other financial and other resources will be determined during the development of the detailed strategy implementation plans year on year. Financial resources are defined in Part C of this document and in annexure B.

## Part C: Links to other plans

### 10. Links to the long-term infrastructure and other capital plans

The following table represents the capital expenditure per programme:

Programme and sub-programme	Forecast 2015/16	Revolvers	Budget FY2016/17	Estimate FY2017/18	Estimate FY2018/19
<b>Programme 1: Service delivery</b>					
Sub-prog 1.1: Contact Centres	4 165 000	-	54 598 096	-	-
Sub-prog 1.2: Customer Unique	20 931 479	1 504 200	1 504 200	-	-
Sub-prog 1.3: DSS & 1st Line	12 309 440	3 150 200	3 150 200	-	-
Sub-prog 1.4: Modernisation	7 604 927	-	38 256 446	32 006 446	-
Sub-prog 1.5: Networks	59 904 298	44 201 152	107 017 599	37 895 039	29 528 372
Sub-prog 1.6: R&D Capex	4 000 000	-	-	5 000 000	5 000 000
Sub-prog 1.7: Security	22 000 000	33 200 000	29 700 000	13 500 000	8 500 000
Sub-prog 1.8: Switching Centres	250 379 640	12 300 000	4 800 000	-	-
<b>Total programme 1</b>	<b>381 294 783</b>	<b>94 355 552</b>	<b>239 025 541</b>	<b>88 401 485</b>	<b>43 028 372</b>
<b>Programme 2: Infrastructure</b>					
Sub-prog 2.1: Data Centres	181 385 310	65 156 021	103 379 224	169 910 000	137 550 000
Sub-prog 2.2: Modernisation	5 467 000	-	66 750 000	125 100 000	183 800 000
Sub-prog 2.3: Transversal	12 686 702	10 604 637	21 209 274	43 000 000	-
<b>Total programme 2</b>	<b>399 540 012</b>	<b>75 760 658</b>	<b>191 338 498</b>	<b>338 010 000</b>	<b>321 350 000</b>
<b>Programme 6: Governance and Administration</b>					
Sub-prog 6.1: Facilities	20 344 693	7 023 304	5 023 304	3 200 000	1 700 000
Sub-prog 6.2: Integrated Security Management Solutions	3 358 030	15 979 972	16 359 620	12 493 000	11 500 000
Sub-prog 6.3: Internal IT	54 792 244	2 035 457	42 546 567	101 337 955	62 192 062
Sub-prog 6.4: Production Toolsets	1 435 000	-	1 800 000	2 300 000	2 500 000
<b>Total programme 6</b>	<b>79 929 967</b>	<b>25 038 733</b>	<b>65 729 491</b>	<b>119 330 955</b>	<b>77 892 062</b>
<b>Grand Total</b>	<b>660 764 762</b>	<b>195 154 943</b>	<b>496 094 529</b>	<b>545 742 440</b>	<b>442 270 434</b>

**Figure 22 – Capital expenditure per programme**



## Annex A : Abbreviations

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ADM	Application Development Management
APN	Access Point Name
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
BPM	Business Process Management
BPO	Business Process Outsourcing
BRICS	Brazil, Russia, India, China, South Africa
BSC	Balance Scorecard
CFO	Chief Financial Officer
CGICT	Chief Government Information Communications Technology
CIO	Chief Information Officer
CIPS	Co-ordinated Integrated Permit System
CPU	Computer Processing Unit
DBE	Department Basic Education
DC	Data Centre
DPSA	Department Public Service and Administration
DOD	Department of Defence
DR	Disaster Recovery
DTPS	Department Telecommunications and Postal Services
ECT	Electronic Communications and Transaction Act
ECTA	Electronic Communications and Telecommunications Act
eGOV	Electronic Government
ERP	Enterprise Resource Planning
EXCO	Executive Committee
G2C	Government to Citizen
GITO	Government Information Technology Officer
GITOC	Government Information Technology Officers Council
GWEA	Government Wide Enterprise Architecture
HPO	High-performance organisation
HVAC	Humidity, ventilation and air conditioning
IaaS	Infrastructure as a Service
ICT	Information and Communications Technology
IFMS	Integrated Financial Management System
IM	Information Management
JCPS	Justice Crime Prevention and Safety
KPI	Key Performance Indicator
LAN	Local Area Network
MCIPS	Membership of the Chartered Institute of Procurement and Supply
MIOS	Minimum Interoperability Standards
MPLS	Multi-Protocol Label Switching
MPSA	Ministry of Public Service and Administration
MTSF	Medium Term Strategic Framework
NCPF	National Cybersecurity Policy Framework
NDP	National Development Plan
NGN	Next-Generation Network
NPA	National Prosecuting Authority
OEM	Original Equipment Manufactures
OGCIO	Office Government Chief Information Officer
OHI	Organisational Health Index
OPEX	Operating expenses
OSI	Open Systems Interconnect
PAM	Public Administration Management
PMO	Programme Management Office
POPI	Protection of Personal Information
POSI	Protection of State Information
PPP	Public Private Partnership

PRC	Presidential Review Committee
R&D	Research and Development
RFB	Request for Bid
RFI	Request for Information
RFQ	Request for Quotation
SA	South Africa
SaaS	Software as a Service
SAPS	South African Police Services
SARS	South Africa Revenue Services
SLA	Service Level Agreement
SMME	Small Medium and Micro sized Enterprises
SOE	State Owned Entity
SSA	State Security Agency
TCO	Total cost of ownership
VoLP	Voice over Internet Protocol
VPN	Virtual Private Network
WAN	Wide Area Network
WASP	Wireless Application Service Provider

## **Annex B : Financial Statements**

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### **Assumptions to the budgeted statement of financial performance for 2016-17 financial year**

#### **Revenue growth**

Revenue for the 2016/2017 is estimated at R6.395 billion. This is a revenue growth of 18.7% as compared to the forecast of the 2015/16 financial year revenue budget of R5.390 billion. The increase is mainly due to expected increase in agency related sales as well as a proposed adjustment in the tariffs of 6%.

#### **Gross Profit**

Cost of sales increased by 19.1% from 4.312bn forecasted for the 2015-16 financial year to a budgeted R5.173bn. This is in line with the increase in revenue and was also impacted by increases in foreign exchange rates.

The expected gross margin for 2016-17 is 19.1% of revenue and amounts to R1.222bn. Gross margin contributes to covering the expenditure for overheads, capital investment and making allowance for inherent business risks that may arise.

#### **Operational Expenditure**

Operating expenses (OPEX) is estimated at 18.1% of revenue as it is expected to increase with 7.6% from a forecast of R1.074bn for the 2015-16 financial year to an estimated R1.156bn in the 2016-17 financial year. This is mainly due to inflation, increases in municipal charges and electricity and labour related costs.

#### **Net Margin**

Earnings before interest and tax is expected to amount to R39.6m at 1.4% of revenue. Net surplus after interest and tax is expected to amount to R39.3m at 1.5% of revenue and will be re-invested into the infrastructure to ensure service continuity and mitigate against identified risks.

## Statement of Financial Performance

	Actual		APP		Rev Budget		Forecast		Budget		Estimates			
	FY 2014/15	R'000	FY 2015/16	R'000	FY 2015/16	R'000	FY 2015/16	R'000	FY 2016/17	R'000	FY 2017/18	R'000	FY 2018/19	R'000
Gross Revenue	5 089 678		5 390 000		5 674 373		5 390 000		6 395 449		6 779 176		7 185 926	
Less: Cost of sales	(3 954 847)		(4 312 000)		(4 396 258)		(4 312 000)		(5 173 077)		(5 423 341)		(5 748 741)	
Gross Profit	1 134 832		1 078 000		1 278 114		1 078 000		1 222 372		1 355 835		1 437 185	
Operating Expenses	(1 083 614)		(875 638)		(1 242 882)		(1 074 366)		(1 155 538)		(1 186 356)		(1 257 537)	
Operating Profit	51 218		202 362		35 232		3 634		66 834		169 479		179 648	
Other income	34 457		35 268		29 501		35 981		21 370		22 609		23 921	
Earnings Before Interest and Tax	85 675		237 630		64 733		39 615		88 204		192 089		203 569	
Net finance income	122 321		54 601		54 601		15 000		47 175		49 912		52 806	
Surplus before tax	207 996		292 231		119 335		54 615		135 379		242 000		256 375	
Tax	(63 707)		(81 825)		(33 414)		(15 292)		(37 906)		(67 760)		(71 785)	
Net Surplus/ (loss)	144 289		210 407		85 921		39 323		97 473		174 240		184 590	
Revenue growth	8.5%		5.9%		10.3%		5.6%		18.7%		6.0%		6.0%	
Gross Margin	22.3%		20.0%		22.5%		20.0%		19.1%		20.0%		20.0%	
EBIT	1.7%		4.4%		1.1%		0.7%		1.4%		2.8%		2.8%	
Opex %	21.3%		16.2%		21.9%		19.9%		18.1%		17.5%		17.5%	

## Statement of Financial Position

	Actual	Forecast	Budget	Estimate	
	FY 2014/15 R'000	2015/16 R'000	FY 2016/17 R'000	FY 2017/18 R'000	FY 2018/19 R'000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>	<b>2 717 061</b>	<b>2 045 639</b>	<b>2 008 676</b>	<b>2 085 361</b>	<b>2 386 330</b>
Cash and cash equivalents	1 539 405	797 779	1 117 742	1 214 396	1 484 228
Trade and other receivables	1 022 869	1 107 534	788 480	835 789	885 936
Income Tax receivable	140 479	125 187	87 281	19 521	-
Prepayments	14 309	15 139	15 595	16 078	16 588
<b>NON-CURRENT ASSETS</b>	<b>1 008 781</b>	<b>1 796 247</b>	<b>2 065 965</b>	<b>2 290 453</b>	<b>2 372 053</b>
Property, plant & equipment	613 913	1 337 043	1 530 408	1 664 169	1 637 848
Intangible assets	291 785	350 142	420 171	504 205	605 046
Deferred tax assets	103 083	109 062	115 387	122 080	129 160
<b>TOTAL ASSETS</b>	<b>3 725 843</b>	<b>3 841 886</b>	<b>4 074 641</b>	<b>4 375 815</b>	<b>4 758 383</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>	<b>867 481</b>	<b>936 233</b>	<b>1 009 434</b>	<b>1 043 164</b>	<b>1 143 018</b>
Trade and other payables	688 444	700 228	759 434	793 164	840 753
Income received in advance	179 036	236 005	250 000	250 000	250 000
Current tax liability	-	-	-	-	52 264
<b>NON-CURRENT LIABILITIES</b>	<b>127 446</b>	<b>142 617</b>	<b>150 889</b>	<b>159 640</b>	<b>168 899</b>
Post-retirement medical liability	127 446	142 617	150 889	159 640	168 899
<b>TOTAL LIABILITY</b>	<b>994 926</b>	<b>1 078 850</b>	<b>1 160 323</b>	<b>1 202 804</b>	<b>1 311 917</b>
<b>TOTAL NET ASSETS</b>	<b>2 730 917</b>	<b>2 763 036</b>	<b>2 914 318</b>	<b>3 173 011</b>	<b>3 446 466</b>
<b>TOTAL LIABILITIES AND ASSETS</b>	<b>3 725 843</b>	<b>3 841 886</b>	<b>4 074 641</b>	<b>4 375 815</b>	<b>4 758 383</b>



## Statement of Cash Flows

	Actual		Forecast		Budget		Estimate	
	FY 2014/15 R'000	FY 2015/16 R'000	FY 2015/16 R'000	FY 2016/17 R'000	FY 2016/17 R'000	FY 2017/18 R'000	FY 2018/19 R'000	
Cash from operating activities	160 156	139 786	139 786	816 152	816 152	642 397	712 102	
Cash flows from investing activities	(250 904)	(881 411)	(881 411)	(496 189)	(496 189)	(545 742)	(442 270)	
Cash flow from financing activities	-	-	-	-	-	-	-	
Increase/(decrease) in cash and cash equivalents	(90 748)	(741 626)	(741 626)	319 963	319 963	96 655	269 832	
Cash and cash equivalents beginning of year	1 630 153	1 539 405	1 539 405	797 779	797 779	1 117 742	1 214 396	
Cash and cash equivalents end of year	1 539 405	797 779	797 779	1 117 742	1 117 742	1 214 396	1 484 228	



