**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 734**

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**Adv A de W Alberts (FF Plus) to ask the Minister of Public Enterprises:**

(1) Whether Eskom (a) is currently engaged in conversation with Microsoft or (b) has already contracted with Microsoft for the (i) purchasing or (ii) licensing of software to the value of R500 million or any other amount;  if so, (aa) what is the purpose of the purchasing of the software, (bb) when this will be taken into use, (cc) which purchasing process was followed and (dd) what are the further relevant particulars; (2)  whether the purchase process meets all the legal requirements; if so, what are the relevant particulars; (3) why open source software was not considered in this case? NW850E

**REPLY:**

(1)(a) Eskom is in constant interaction with various suppliers for the required goods and services. This interaction includes Microsoft.

(b)(i) Eskom currently has an existing contract that is due to expire on 29 May 2016. A commercial process is currently underway for the renewal of the support and maintenance of the current contract. It must be noted that the bulk of this renewal is to maintain the current investment and ensure adequate maintenance and support of software.

(ii) The current contract with Microsoft expires on 29th May 2016. Please note that price is a confidential matter.

(aa) The current commercial process is to do the renewal of licences, subscription and maintenance.

(bb) The software is already in use as per the existing contract, except for the additional licenses. The additional licence is for functionality requirements from the business aligned to the digitisation strategy which will be deployed via approved projects once contract is approved.

(cc) Eskom’s commercial process which forms part of Eskom’s Procurement and Supply Chain Management Policy and Procedure was followed.

(dd) The commercial process that was followed is in alignment with Eskom’s Procurement and Supply Chain Management Policy and Procedure and Public Finance Management Act.

(2) Yes, Eskom’s process followed on the Microsoft transaction satisfied all prescribed legal requirements. The details are that the commercial process which is provided for in Eskom’s supply chain policies, is aligned to the Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPPFA).

(3) There are currently no email capabilities with open source and a number of our critical systems are integrated to our email application (exchange), using open source therefore is not possible. Eskom’s applications are extremely critical, given the nature of our business, use of open source will cause vulnerabilities and security is a risk that cannot be tolerated. Furthermore, using open source will have too many incompatibility issues between different word processing applications. There is also a massive proliferation of excel macros across the organisation which will lead to different version that we will have to manage hence there will be an increase in costs (support and maintenance required).