



**labour**

Department:  
Labour  
REPUBLIC OF SOUTH AFRICA

# DEPARTMENT OF LABOUR

## PRESENTATION TO THE PORTFOLIO COMMITTEE ON LABOUR



**6 March 2012**

# PRESENTATION ITEMS

1. BACKGROUND TO THE PPP
2. PROJECT ICT – A DG PRIORITY PROJECT
3. CAPACITATING THE DoL
4. EXIT AND TRANSFER – PRE-ASSESSMENT
5. MANAGING THE PPP EXIT
6. QUESTIONS

# BACKGROUND TO THE PPP

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- **Signed in December 2002 between the Department of Labour (DoL) and Siemens Business Services**
- **Period : 10 Years (December 2002 – November 2012)**
- **Initial cost : R1.2bn over the 10 year period**
- **Projected cost to end of contract : R1.9bn**
- **Reasons for increase :**
  - Yearly increase by CPI
  - Additional Services
  - Increase in end user devices
- **Period remaining : 9 months**

# MOTIVATION FOR A PPP

- The need to partner with the private sector for improving IT capability, leverage of expertise and specialist knowledge, and exploit international standards and best practice  
Not Achieved
- To address a high turnover of DOL IT staff  
Partially Achieved
- The need to integrate labour market services and systems to offer better service  
Not Achieved
- To form part of the move towards automation of services towards e-government initiatives  
Partially Achieved
- Achieving maximum IT benefits and objectives against budgetary constraints  
Not Achieved

# CHALLENGES OF THE PPP

## Challenges that have plagued the PPP :

- Relationship deterioration and breakdown between the parties
- Non functioning governance structures
- No contract , programme and change management component
- No internal capacity to manage the PPP and perform the required oversight
- Contract not structured according to milestones within deliverables
- Service provider unable to deliver on business requirements or add extra value
- Minimal oversight, with service provider reporting on themselves



**PROJECT ICT :  
A DG PRIORITY PROJECT**

# KEY OBJECTIVES OF THE PROJECT

## Define an ICT Strategy

To address a new ICT vision for DoL

Integrate technology and communication services

Provide robust, reliable and integrated systems

## Build internal capacity

To capacitate the organisation with its own structure and resources

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# RESTRICTIONS TO PROJECT SUCCESS

**Main area for  
disgruntlement**



**IT currently does not meet the needs of the business**

**Systems deployed are not fully aligned to the business requirements**

**Systems, especially client service systems, are slow and prone to freezing**

**RECOMMENDATIONS**

**All systems need to be reviewed and mapped against the business needs and to identify quick interventions**

# RESTRICTIONS TO PROJECT SUCCESS (Cont.)

**Main area for  
disgruntlement**



Infrastructure is old and out dated

Contributes to slow response

Poor morale of staff because of using old equipment

**RECOMMENDATIONS**

Continue with IT refresh through PPP, but also identify a new architecture and infrastructure beyond the PPP

# CAPACITATING THE DoL

# THE NEED FOR A SERVICE PROVIDER

- The lack of internal resource capacity within DoL
- Inability to monitor projects, progress, scope, implementation, contract, penalties, service levels, infrastructure, delays etc.
- Previous reviews highlighted the need to capacitate the organisation
- The requirement for an immediate capacitation to assist with the Exit and Transfer
- The requirement for the development of an ICT strategy and defining the future operating model
- The expertise to assist with the challenges of the PPP

# APPOINTMENT OF SERVICE PROVIDER

- Engagement with, and involvement of the State Information Technology Agency
- Engagement by DoL with other Government Departments including National Treasury and the South African Revenue Services (SARS)
- Identification of Accenture as a key partner in the SARS turnaround – similarities to DoL requirements
- Engagement with Accenture to verify capability to meet the DoL requirements
- To address the bleeding, decision taken to appoint Accenture through a deviation process

# APPOINTMENT OF SERVICE PROVIDER

- National Treasury consulted on deviation process
- Director-General appointed Accenture in terms of Treasury Regulation 16A6.4 which *“provides for such instances where accounting officers are allowed to dispense with competitive bidding processes to procure goods and services by other means. This provision is intended for cases of emergency where immediate action is necessary...”*
- Accenture appointed to provide assistance with :
  - Phase I
    - current IT environment analysis in preparation for the Exit
    - assistance with the Exit Plan
  - Phase II
    - ICT strategy development
    - post PPP IT operating model for DoL
    - setup of project management office to manage the PPP exit
    - capacity for the Exit and Transfer

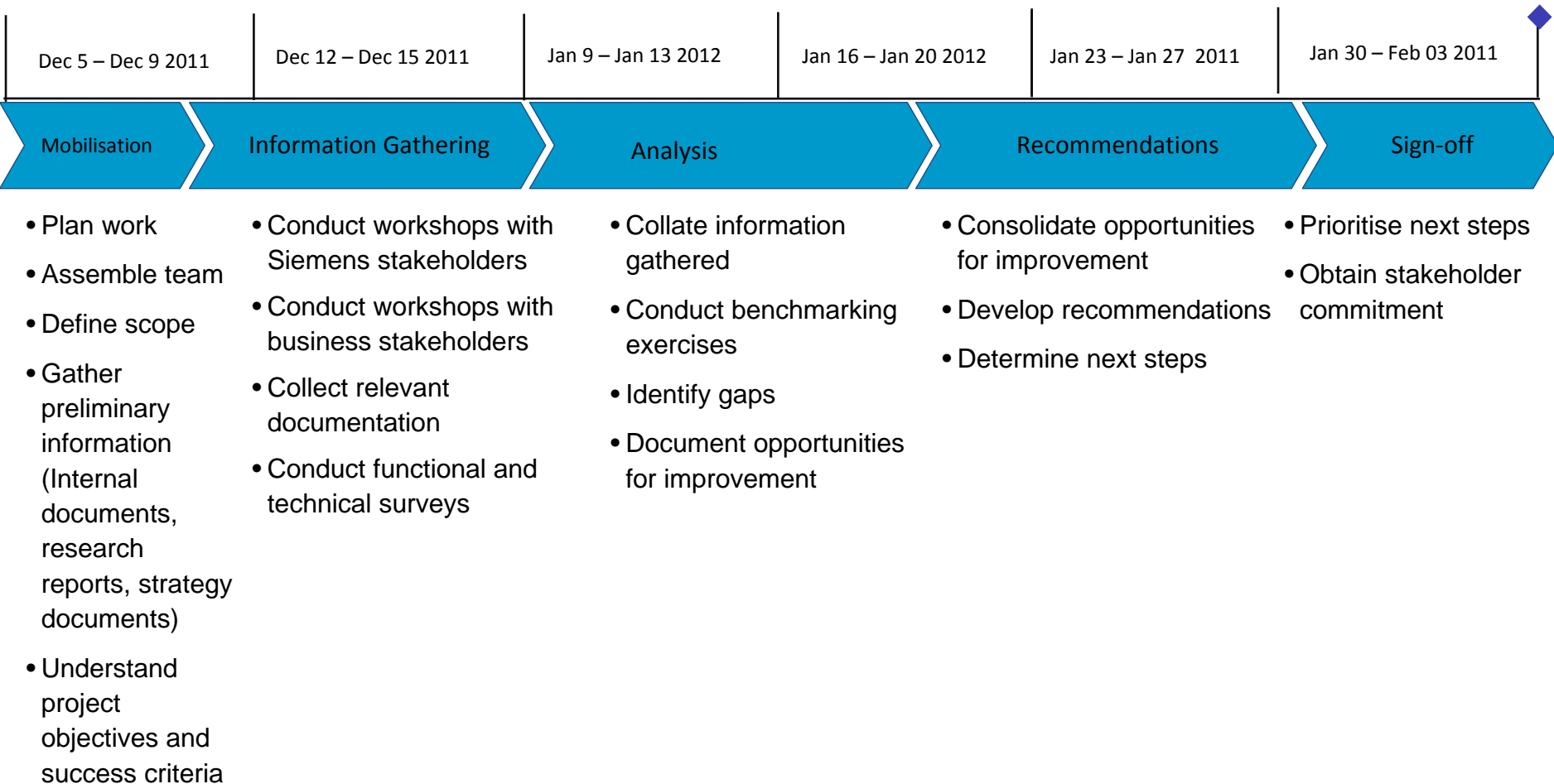


# EXIT & TRANSFER PRE- ASSESSMENT

# PREPARATION FOR THE PPP EXIT

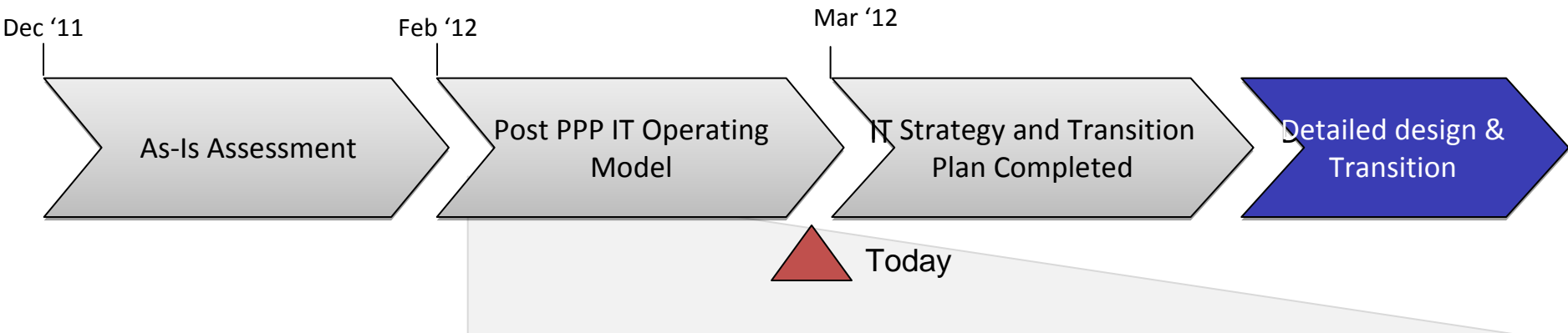
In preparation for the Exit, a pre-assessment was conducted on the current state to understand what is to be taken over :

## Overall Approach



# The as-is assessment focused on addressing key questions in order to proceed with the development of the IT Strategy

## Key questions to be addressed in the current state assessment



### *What needs to change?"*

- What has the Siemens PPP achieved and what will be done at the end of the contract?
- What are the DoL objectives and priorities that must be achieved in the short to medium term?
- What is the current state of the IT capabilities and what needs to change to meet these priorities?
- What is the state of the current applications and what are the functional and technical gaps?
- What is the state of the current IT infrastructure, network and other assets?
- How can the overall cost and efficiency of IT be improved?
- What are the current leading practices in the industry and which are appropriate that the DoL adopt?

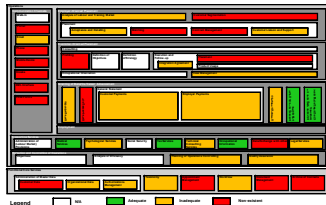
# The as-is focused on gathering lessons learned, preparing for the exit as well as issues that must be addressed in the IT Strategy

## Summary of current state issues



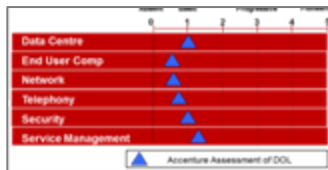
IT Capabilities

- The Siemens-PPP relationship provided IT capabilities with significant gaps that must be addressed in the IT Strategy and future IT operating model
- The key gaps include Strategy, Governance and Architecture resulting in a lack of clear IT direction over the 10 year period
- Projects generally have not successfully delivered on requirements and the operations environment represents substantial business risk and poor asset management



Applications

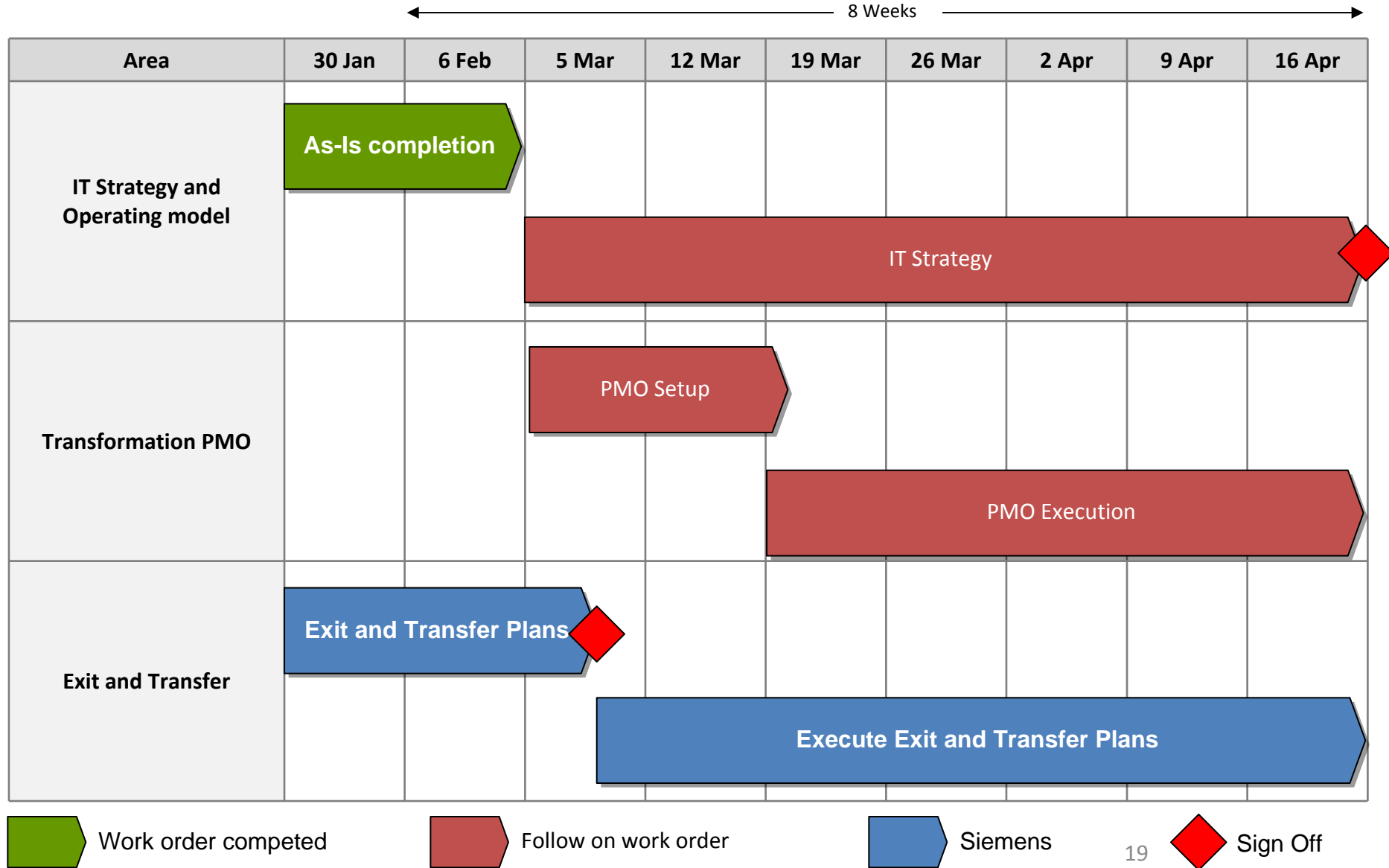
- The current application portfolio analysis has highlighted substantial functionality gaps against a leading practice business framework
- Completed application development has provided deficient functionality and the scope of in-flight projects are expected to produce similar gaps – a key reason for this is a deficiency in the way requirements are defined and managed
- Business process inefficiencies have also been identified – which represent quick wins as well as an opportunity to improve the systems landscape
- Applications primarily built on sound technologies (SAP and JAVA)



Infrastructure

- The server environment is fairly well managed and storage consolidation promises future efficiencies. Opportunities do however exist to do a clean up of redundant equipment and extend virtualisation to improve asset usage
- The facilities, network, telephone and disaster recovery areas however represent significant business risks with failures imminent
- Security measures are also highly concerning and it is recommended that these are urgently addressed
- PPP has provided an efficient procurement approach however strategic decisions are based on Siemens offerings e.g. Enterasys, Siemens PAN

# The PMO will ensure the exit and transfer activities are managed while the IT Strategy is finalised



# MANAGING THE PPP EXIT



# STRATEGIC PLAN : EXIT OF PPP

- Diagnostic review of the PPP on areas identified by the DoL
  - **Done**
- Execution of the Exit and Transfer plan
  - **Plan is signed and implementation is in process**
- Establishment of an internal DoL steering committee to manage the transition
  - **Done**
- Appointment of Business Partner to overcome ICT Staff Incapacity
  - **Done – Accenture appointed**
- Development of a new DoL ICT strategy
  - **Process underway**
- Conducting of a feasibility study on a new ICT delivery model
  - **After completion of ICT Strategy**
- Resourcing of the current Office of the Chief Information Officer (OCIO) office to manage closure and transition
  - **Permanent CIO appointment complete**
  - **Process underway for long term**

# PPP EXIT AND TRANSFER PLAN

## WHAT IS IT?

- A plan that governs the exit and termination of the PPP
- Facilitates the takeover of IT services by the Department from the service provider
- Defines the overarching principles and the roles and obligations of each party
- Agrees methodology, process and best practice to be used
- Defines the governance and escalation paths

# PPP EXIT AND TRANSFER PLAN

## HOW WILL IT WORK?

The exit process is broken down into 4 work streams :

### Operations & Architecture

All operational capabilities including:

Service operations including IT help desk

Infrastructure and Facilities

Distributed computing

### Improvement services

All capabilities relating to systems development and enhancements including :

Programme and project management

Information and documentation relating to the systems development life cycle

### Business Management support

Procurement and vendor management

Asset management

Document and knowledge management

Inventory management

Finance

### Human resources & Change Management

Includes the following :

Contractor personnel change management

Training, skills and competency management

Resource forecasting



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QUESTIONS

