PROCUREMENT AND MANAGEMENT OF ICT SERVICES IN THE NSW PUBLIC SECTOR

Organisation: Telstra

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Mr Jonathan O'Dea MP
Chair
Legislative Assembly
Public Accounts Committee
NSW Parliament
Macquarie Street
SYDNEY NSW 2000
Email: pac@parliament.nsw.gov.au

Dear Mr O'Dea

Telstra response to the Public Accounts Committee's Inquiry *Procurement and Management of ICT Services in the NSW Public Sector*

Thank you for your recent letter inviting Telstra to make a submission to your inquiry. Telstra welcomes the opportunity to continue to work as a proactive partner with the NSW Government, both invested in and committed to your success. Indeed, we believe that this inquiry offers an opportunity to consider important improvements to the way in which the NSW Government engages contracts and procures ICT services.

BEST PRACTICE PROCUREMENT
Aligned with Commonwealth Government policy, Telstra is strongly of the view that the overriding objective of best practice procurement in ICT services should remain that of best value for taxpayers' money.[1] That is, the expenditure of public funds in acquiring particular ICT goods and services should always be guided by the principle of efficiency. This is the extent to which the solution ultimately acquired from the range of potential solutions is likely to deliver the identified benchmark outcome(s) successfully and as cost effectively as possible.

An important consideration in the procurement process pertinent to achieving best value for taxpayers' money is that the risks associated with the various ICT options be monetised for the purpose of identifying the real contingent costs to which taxpayers are exposed if benchmarks are not achieved or delays occur. The obvious concern is that the least cost solution is not the least costly if the outcomes are unlikely to be delivered.

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[1] Infrastructure Australia (2012) *Efficiencies in Major Project Procurement: Benchmarks for Efficient Procurement in Major Infrastructure*, http://www.infrastructureaustralia.gov.au/publications/files Procurement_Benchmarking_Volume_1_final.pdf (June): p. 5. Importantly, this report defines "efficiency" as the ratio between inputs (such as time and money) and the likelihood of delivering the defined project outcomes, so that "cost effectiveness" is not synonymous with "least cost".

The focus should be on the value delivered and total cost not just price. Accounting for ongoing and full life-cycle costs for things such as maintenance and support is critical. This is particularly important in the ICT category which needs a strategic buying approach rather than a tactical purchasing approach more relevant for the purchase of commodities.

Telstra believes strongly in the need for a dedicated and centralised agency to manage procurement. This ensures more effective centralised management of suppliers and enables umbrella agreements to be put in place to leverage and aggregate spend and apply consistent processes in dealings with vendors. This model must be supported with clear policies and delegations as well as systems to track and monitor compliance with procurement operations, process and policy.

Another very important factor for achieving improvement in sourcing and contract management is to employ people with the right skills, capabilities and experience to carry out best practise procurement.

Finally, we think it is vital to identify suppliers who are critical and strategic to your business and to invest and develop these relationships based on genuinely shared goals, trust, cooperation and continuous improvement.

EARLY ENGAGEMENT – Formalising an information exchange with the newly established Technical and Working Standards Group
As a close partner of the NSW Government, Telstra already shares both our technology roadmap for our high-speed networks and our innovative industry solutions. To strengthen the relationship, we would suggest putting a formal structure in place to promote information exchange with the Technical and Working Standards Group regarding our continually evolving network and cloud technologies and how they will impact and improve government services in NSW.

We would also like to propose close engagement at executive levels, as well as technology advisory and network assessment to support decision making. We would also suggest the NSW government work to ensure our relationship goes from strength to strength through an open forum on knowledge participation and transfer so that our objectives are aligned and communication is open and sincere. Telstra shares the Government's focus on productivity, value, and delivering best-in class customer service, ensuring a good cultural fit. Like the Government, we are rigorous about processes and governance, and committed to a programme of continual improvement through innovation.

TELSTRA CIO AND INDUSTRY FORUMS
In addition to joint engagement between our organisations at executive levels, Telstra regularly conducts CIO, CEO and industry forums to keep our customers abreast of ICT trends, innovations and best practice. This advanced knowledge and planning would assist the Technical and Working Standards Group and individual agencies so that they can make accurate and informed decisions regarding both short-term procurement and longer term strategic directions. We would encourage the NSW government to become more engaged in these forums.

PROACTIVE PARTNERSHIP
By engaging early and outlining the specific outcomes the Government is seeking to achieve, the general ICT industry will be able to work together to develop innovative and targeted solutions.

TELSTRA INNOVATION CENTRE
Our Innovation Centre offers a multi-faceted learning environment where the NSW Government can validate their business case through a scenario-based proof-of-concept trial that can be tested within a department. For example, we can help the NSW Government by providing industry-specific demonstrations of how SAP solutions, business analytics, mobility and cloud computing can support them, and we can also assist in developing a comprehensive technology roadmap.

Once again, Telstra thanks you for the opportunity to make a submission to this inquiry. As a major player in the Australian ICT industry, we would like to assure you that our door is always open for consultation and further discussions regarding ICT in the NSW Government. If you would like to discuss any points raised in this response further, or engage in a broader discussion please contact our NSW/ACT Corporate Affairs Manager, Rod Bruem, after 12 November on (02) 8576 2705.

Yours sincerely

Jamie Snashall
a/g Director, Government Relations