PROCUREMENT AND MANAGEMENT OF ICT SERVICES IN THE NSW PUBLIC SECTOR

Organisation:	Name Withheld
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Date Received:	24/10/2012

23 October 22, 2012

The Committee Manager
Public Accounts Committee (PAC)
Parliament House
Macquarie St
Sydney NSW 2000

Dear Public Accounts Committee,

Thank you for the opportunity to submit a response to this enquiry. We would request that our submission be kept confidential.

███████████ is an approved supplier on the ICT Services 2020 Panel and have or currently provide services under this contract to ██ agencies. Our experience over the years places us in a good position to comment and make recommendations on each of the terms of references which can be viewed below:

i. Measures to improve ICT project and contract management in the public sector, in particular in relation to contract negotiation and on-going contract management;

SME Engagement Policy

Small and Medium-sized Enterprises (SMEs) are a major cornerstone of the NSW economy. The NSW Government should ensure SME's can compete on an equal footing for public sector contracts. This will increase competitive pricing for public sector ICT work and boost the local ICT industry.

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We are aware of major ICT projects being won by large multinational systems integrators. Requirements and expectations have not been met as specialist ICT skills are lacking with such enterprises, in addition components of the work are sub-contracted to overseas companies. For many projects ████████ and other local SMEs are capable of providing the services. In summary the negative result of this traditional procurement method is the off-shoring of:

1. business activity
2. employment of local IT resources
3. tax payers' funds

In other words, there is a failing in the procurement rules whereby SMEs can bid or work on small projects only. This assumes there is a higher risk that SMEs will not deliver; in fact the contrary is true. The government needs to implement procurement polices that ensure the engagement of local SMEs who specialise in particular technologies either directly or sub-contracted to via a larger enterprise. This is to replace the traditional method of contracting only to large system integrators who possess generalised technical knowledge. The benefits SMEs bring are:

- Flexibility
- Innovation
- Specialist skills

Contract management will produce vastly improved results if more work is contracted to SMEs for the above reasons.

The following recommendations are based on the UK's policies to increase the opportunity for SMEs to provide services and products to the government.

1. mandate that large system integrators contract out 30% of the value of the work to be delivered to local specialist SMEs. This must be monitored and enforced.

2. all departments will be required to publish a set of specific, targeted actions to increase their business with SMEs. This will be made publically available and measured on how well they do.
3. agencies will be encouraged to break up major projects into micro lots and engage multiple vendors including SMEs.

Reference: http://www.cabinetoffice.gov.uk/content/sme-contracts

ii. The efficacy of central agency policies and strategies that guide ICT projects in the public sector;

Please see response to i above.

iii. The adequacy of risk management and corruption prevention strategies relating to ICT procurement and contract management;

NSW ICT Services 2020 Panel

███████ has been an approved supplier on the 2020 Panel since its inception. We highly commend the government on the establishment of this panel for the following reasons:
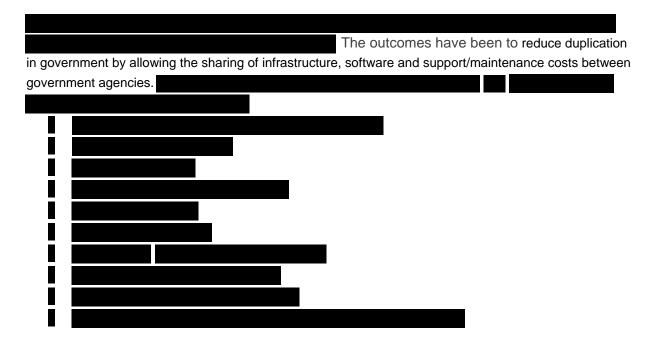
1. 2020 has allowed us as an SME to contract relatively easily to agencies for web related work. Agencies feel comfortable as we are approved suppliers and they are covered by the 2020 Panel Contract. This saves them time in drawing up their own contract. Similarly it saves our business valuable time not having to re-negotiate contract conditions each time.

2. 2020 has streamlined the procurement process, standard tenders are costly for us as a business and frustrates agencies that wish to move quickly with projects. In our experience the 2020 Panel has solved both problems while retaining the principles of probity.

The main issue with the 2020 Services Panel is that its use is not enforced. Also there is a certain lack of awareness amongst some agencies we've encountered about the existence of the 2020 Panel. An advertising campaign across government needs to be carried out so more agencies can benefit from its use.

iv. Long-term planning to meet the ICT needs of the public sector and ensure the best value for money in the procurement of government ICT products and services; and

Shared Services and Infrastructure
To ensure best value for procurement of ICT services, we strongly recommend the use of shared services and infrastructure.

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████████████████████████████████ The outcomes have been to reduce duplication in government by allowing the sharing of infrastructure, software and support/maintenance costs between government agencies. ████████████████████████ ██ ████████████
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The major benefits experienced by agencies are:

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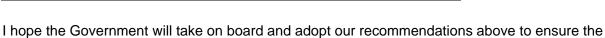- ██.
- no vendor lock-in, you can take the open source code with you and host elsewhere.
- sharing of support and maintenance costs including comprehensive SLAs and 24 X 7 support for priority one issues.

The creation and promotion of shared services should be prioritised. In our experience many agencies are not aware of any shared services.

Cloud Solution Offerings to NSW Agencies

We would encourage NSW Procurement to adopt a similar model to the UK G-Cloud catalog which is a major reform in ICT procurement for UK agencies. The C-Cloud catalog is a comprehensive listing of ICT solutions and pricing. It is totally transparent. The model commoditises ICT services encouraging competitive pricing. It is a huge step forward in streamlining procurement processes such that agencies with requirements can scan the G-Cloud catalog and peruse the offerings of vendors including price. Agencies can then ring vendors to discuss their needs and even try free trials of services which in the past was not permitted under the traditional tendering process. This has led to in many cases, poor choices as the service provider.

Please refer to: http://gcloud.civilservice.gov.uk/cloudstore/

I hope the Government will take on board and adopt our recommendations above to ensure the NSW tax payer is provided with better value for money and innovative ICT deployment.