



30 January 2017

ICT Procurement Taskforce
Department of Prime Minister and Cabinet
1 National Circuit
Barton ACT 2600

Dear Sir/Madam

Confidential

Salesforce is pleased to provide this submission to the ICT Taskforce on procurement.

Salesforce is a provider of software as a service (“SaaS”) and platform as a service (“PaaS”) offerings. Customer trust is our number one value. Our success depends on delivery reliable services to our customers in Australia, and around the globe.

Salesforce also provides procurement solutions through its AppExchange which enables companies to standardise purchase requests, streamline purchasing processes, and gather data to support requests for preferred pricing from vendors.

Salesforce formed in 1999, is a pioneer of cloud computing. The company was founded with a vision to create a new kind of enterprise software company, with a new technology model based in the cloud, a new pay-as-you-go business model, and is considered a global leader in Customer Relationship Management (CRM).

Procurement

Salesforce is of the view that Australian Government procurement process is based on requirements prior to the introduction cloud computing.

Cloud computing allows organisations to scale very quickly, and more efficiently than previously realised.

Often procurement processes can be lengthy, resource intensive and not agile.



There appears a lack of understanding of different cloud services. Most procurement processes are more familiar infrastructure as a service (IaaS) offerings but not necessarily software as a service (SaaS) offerings.

Occasionally, there is confusion over what is and isn't allowed in the "cloud".

Procurement and request for tender documents are often written for what agencies know, limiting innovation and significantly increasing costs for participation, as organisations generally require a compliant bid before suggesting an alternative.

The pace of change in technology is more rapid than the government procurement cycles. This results in Government procuring out of date solutions.

When Salesforce sought and eventually received Information Security Registered Assessors Program (IRAP) certification as part of the Australian Signals Directorate (ASD) Certified Cloud Services List (CCSL) for 'Unclassified DLM' data -the process took almost 12 months, with vigorous auditing, and showed not only Salesforce met security requirements but exceeded them.

Smaller organisations that need to meet this requirement to enter the marketplace would have much greater difficulty due to resourcing challenges.

Simplify tenders

The Federal Government may wish to look at other examples to simplify contracts and procurement.

For example, the NSW government has allowed agencies spend on testing new ideas and concepts with smaller IT partners before they need to embark on an arduous tender process.

Normal tender rules have been relaxed to allow government entities to run short-term proofs-of-concept via direct negotiation with a single supplier. With the maximum spend to \$1 million - dramatically expanding the scale of experiments possible under the scheme.

Tailoring to solutions not process

Often in procurement processes there is an over emphasis on the process, that the vendor meet certain and strict requirements, rather than offering a solution that is fit for purpose.

Procurement needs to rebalance its emphasis on the solution rather than the process.



Recommendations

- Procurement processes be adjusted to better **cater for cloud computing**.
- **Rethink of procurement model**. Break large procurements into smaller pieces with a clear end objective. Engage industry in defining solution working in partnership with Government.
- **More consultation with industry** during procurement cycles to ensure Government is procuring the best solutions not the “known” solution, this includes better debriefs from government agencies providing honest feedback to allow industry to refine products, commercial models, partnerships - to fit the needs of Government.
- **Education required** for procurement, legal and business functions to better understand different cloud offerings.
- **Explore examples in other States and Territories** already in place that do not require formal tenders for small projects.
- **Rebalancing procurement processes to focus on outcomes rather than process**.

Should you have any questions regarding this submission, please do not hesitate to contact me at sgrigorian@salesforce.com

Yours sincerely

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