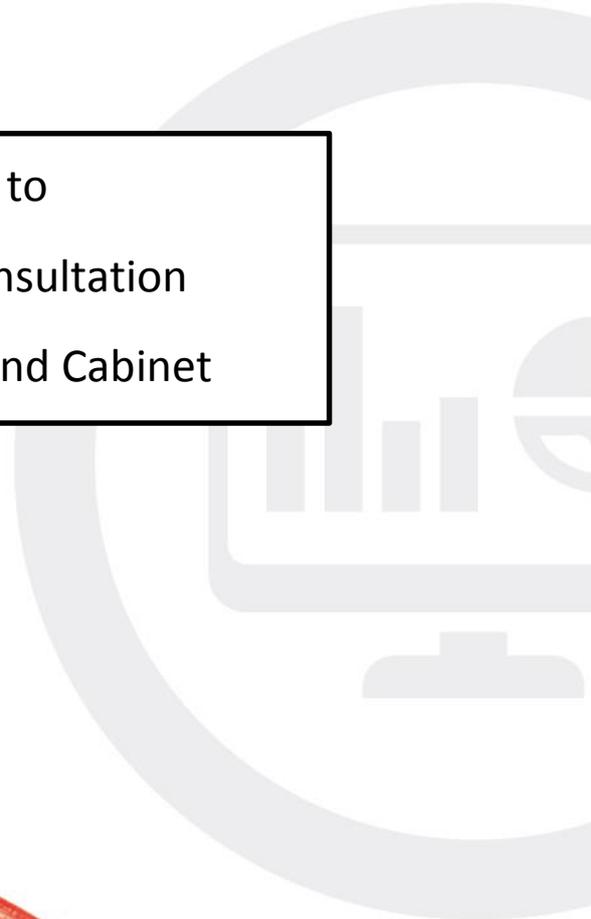




CSC Australia Response to  
ICT Procurement Taskforce Consultation  
Department of Prime Minister and Cabinet





## Overview

The ICT Procurement Taskforce is undertaking a consultation to determine how to improve innovation in government through information and communications technology (ICT) procurement. The consultation is based on the assumption that innovation could, in some way, be stimulated through improvements to ICT procurement.

CSC Australia supports this assumption.

Innovation can be broken down in many different types, from incremental innovation through to disruptive innovation and many different types in between. However, for the purposes of this submission, innovation can be defined as the unique use of an existing capability in a way that creates value. Often, innovation can be sparked by the introduction of a new technology, such as cloud computing. From a government sense, the value of innovation would manifest as better government services delivered at a lower cost. Capabilities that exist more broadly do not necessarily exist in government, and therefore, need to be procured. The more efficient that procurement process, the more likely the value created by the innovation will be realised.

**“... innovation could, in some way, be stimulated through improvements to ICT procurement.”**

The segmentation of this consultation into three areas: rules, capabilities and culture, allows for broad comment on ICT procurement in government. This response will provide some insight into each of these areas. The cultural aspects are considered the most pivotal in effecting change. It is our opinion that the end-state for culture is well understood (and relatively simple) but the change required to effect that outcome is the most complex of the three areas.

The culture within government is affected by a range of factors not always present in commercial organisations. The separation of the Political and Bureaucratic functions is not implemented in the same way Board and Executive governance works in business. The scrutiny of the press is far less intense for business when compared to the twenty-four-hour news cycle our political leaders are subject to. This different context creates a different level of acceptability for certain behaviours; a different culture. To capture the full opportunity that innovation provides this culture needs to be challenged.

**“The more efficient that procurement process the more likely the value created by the innovation will be realised.”**

The culture of procurement in government is accurately captured by the Shergold Review in 2015. The focus on the process rather than the outcome highlights the defensive culture of ICT procurements. Compliance is preferred over flexibility. Risk management quickly becomes a process in its own right and focused on purely transferring risk away from government.

The government change agenda related to innovation is exciting and likely to deliver value across the spectrum of government over time; but cultural change is required to maximize this opportunity. This consultation by the ICT Procurement Taskforce is most important to ensure that ICT procurement is included in the innovation change agenda as a key enabler of that innovation.

**“This (...) consultation is most important to ensure that ICT procurement is included in the innovation change agenda as a key enabler of innovation.”**



## Rules

The rules that govern ICT procurement are reasonable and in themselves do not prevent effective procurement activities. The revised Commonwealth Procurement Rules are concise and provide flexible options to the government. The challenge with the rules relates more to the time the process takes to meet the obligations set out in the various Whole-of-Government and Agency-Specific rules.

Certain rules, such as security requirements, do limit the easy adoption of certain technologies, however, CSC Australia would suggest these rules are prudent and bypassing them may expose the government to greater risk than may be initially perceived.

***CSC Australia recommends:***

- 1. A regular (online) feedback forum be established to voice concerns over the barriers procurement rules impose and a proper analysis of any change is completed.***

Industry's most common frustration is the lack of transparency and commitment to published time frames. This imposes cost on industry in terms of maintaining sales teams or external advisors during times of inactivity. This cost is ultimately passed onto the government.

***CSC Australia recommends:***

- 2. The government measures the time procurement stages take to ensure adequate but not superfluous time is taken.***
- 3. Time-frame guidelines for procurement activities be:***
  - a. Published, and***
  - b. vary according to the complexity of the procurement.***

The annual Procurement Plans published by agencies are exceptionally useful for industry to plan their activities well in advance. This allows industry to optimise their expenditure and reduce the cost of doing business. The Department of Defence Integrated Investment Plan is a significant improvement to the current Annual Procurement Plans and would provide even more context for industry.

***CSC Australia recommends:***

- 4. The government maintain up to date Procurement Plans in Austender and consider including in their content the elements Defence include in their Integrated Investment Plan.***

The terms and conditions adopted but government have become far more balanced over the more recent iterations of model contracts, such as SourceIT. That said, the government maintains certain terms that are always contentious, such as "most-favoured-client" pricing, or intellectual property ownership.

***CSC Australia recommends:***

- 5. The government continue to review model contracts to identify recurring contractual issues and their resolutions so they can be implemented as common terms and subsequently decrease negotiation effort and cost.***



## Capability

The capabilities of government in conducting ICT procurement activities are sound. It is not uncommon to hear comments made that public servants are under-prepared, however, CSC Australia's experience is that this commentary appears anecdotal and underestimates their capabilities. That said, there are areas of development that would potentially drive better procurement outcomes.

The foundation of a successful procurement is the development of a clearly articulated and well researched business case. This requires a high level of engagement between the ICT staff in government departments and the business areas of that department. It requires a solid business relationship.

ICT is deeply involved in every aspect of the modern government department and unlike other cross-company functions, such as finance and human resources, ICT is often the main driver of innovation and the creation of value. These unique characteristics have created entirely new management challenges that have only become more pressing as ICT usage expands.

There is a developing emphasis on the management of the business/ICT relationship, or Business Relationship Management (BRM), to counter the managerial challenges that ICT has created. The BRM mission is to improve the communication, collaboration, coordination, negotiation, alignment, leadership and decision-making between ICT and other key parts of the department so that ICT can be better exploited and leveraged.

Unfortunately, in many departments this remains easier said than done. The explosion in cloud, social, mobile, internet of things, machine intelligence and more consumer technologies is putting huge time and budget pressures on enterprise ICT, causing its role and structure to stay in continual flux.

The quality of enterprise ICT's relationship with the department is dependent upon both the people within ICT and the cultural attitudes toward information technology across the department. It is often all too easy to blame any coordination and effectiveness problems on enterprise ICT, even when much of the blame should really go to executives or public servants who, actively or passively, resist new ways of working, or simply don't put in the time to learn the skills that are needed. These problems appear at least as common as those on the ICT side.

**CSC Australia recommends:**

- 6. The government develop greater capability in their [internal] Business Relationship Management function to improve the communication, collaboration, coordination, negotiation, alignment, leadership and decision-making between ICT and other key parts of the department so that ICT can be better exploited and leveraged.***



## Culture

*“Government is committed to providing the best possible services to the community.*

*Achieving this goal is dependent on maximising the effectiveness of policy development and program delivery, planning and budgetary arrangements, decision-making processes, organisational structures, workplace relations and people management.*

*Much reform has been undertaken in these areas and significant gains in performance have been achieved. Increasingly, information and communications technology (ICT) plays an important role in determining the quality and accessibility of services. The development of effective whole-of-government approaches to ICT is critical to achieving further significant gains in the delivery of government services.”*

***Australian Government use of Information and Communication Technology,  
Australian Public Service Commission (APSC) report, October 2002***

Common issues identified in this same report included linking disparate back-end systems, reconciling technical and financial imperatives, defining the architectural framework and standards needed for effective infrastructure investment and interoperable systems; and establishing a Commonwealth-wide investment strategy to facilitate the development of ICT capability that benefits multiple agencies. These continue to be issues today.

The then Prime Minister outlined his view of the solution:

*“Another challenge is the capacity of departments to successfully interact with each other in pursuit of whole of government goals and more broadly, for the entire Service to work in partnership with other bureaucracies, with business and with community groups as resources and responsibility are devolved closer to where problems or opportunities exist.”*

***The Hon. John Howard MP, Prime Minister,  
Centenary of the Australian Public Service oration, June 2001***

In 2002 the Management Advisory Committee decided a *“federated approach to ICT governance in the Commonwealth was warranted where whole-of-government interoperability is an issue or a whole-of-government approach may be beneficial.”* That caveat stopped short of the Prime Minister’s idea. Specifically, the challenge to work more closely with other bureaucracies, businesses and community groups.

The culture of the Australian Public Service (APS) is strong and there is little point or value in seeking wholesale change. The APS culture is good and operates with integrity and a genuine desire to seek the best outcomes for the citizens of Australia. That said, the culture of government industry partners has similar values; not surprising considering many of those who work in government industry are former APS themselves.

CSC Australia has observed a distinct level of mistrust between public servants and industry participants. This is noticeable even when APS move into private enterprise they transition “to the dark side” and immediately lose a previous level of credibility. Our experience in other geographies, UK, USA and Canada in particular, does not accord with the behaviours in Australia. This lack of trust is a significant barrier to innovation and an efficient ICT procurement system.



**CSC Australia recommends:**

- 7. The government create a joint forum for developing the government/industry relationship which could be hosted by an independent body, such as the Australian Institute of Management. This forum could focus on the broader innovation agenda but include aspects of ICT procurement within that scope.**

Innovation is best served through the unbiased collaboration between diverse individuals. A flaw in the culture of the APS is that it seems more focused on maintaining defined departmental boundaries and supporting intense probity measures beyond what would reasonably be expected which prohibits effective collaboration. There is much to be gained from promoting collaboration and breaking down barriers between the diverse elements we have available to government from the various departments, businesses and community groups.

As previously mentioned, the end-state of culture is well understood and clearly articulated in the 2002 APSC report. The change required to move to this end-state is more complex. It is a people issue so the solution should be focused on people.

**CSC Australia recommends:**

- 8. The government develop a closer collaboration with other departments, other governments, business and community groups through:**
  - a. Personnel exchanges**
  - b. Joint training / education in areas such as:**
    - i. Negotiation**
    - ii. Systems Testing**
    - iii. Business Relationship Management**
  - c. Joint workshops in areas such as:**
    - i. Model contract development**
    - ii. Ideation / Requirements Development**
  - d. Regular executive dialogues between departmental secretaries and ICT business CEOs.**

CSC Australia has appreciated the opportunity to provide input on this initiative and are open to further engagement if the ICT Procurement Taskforce feels that would be of use.

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