Take advantage of new technologies, investing in improved systems and service delivery

2022-2023
ANNUAL PERFORMANCE PLAN

SITA

state information technology agency

Chairperson of the Board Statement

The Minister of Communications and Digital Technologies, Ms. Khumbudzo Ntshavheni, in consultation with the cabinet ensured that the SITA Board was appointed and onboarded on 01 February 2022.

In this regard, it is important to start this overview by thanking the Minister for having trusted us with the SITA mandate and its operations, and for the guidance and direction that she has provided thus far; including her continuous support even in these early days.

At the time of the Board appointment, the SITA Annual Performance Plan (APP) had already been initiated and concluded. This APP is aligned to the SITA mandate, and should lead to increased speed in delivery and an uncompromising focus on what needs to be delivered.

The impact of the covid-19 pandemic and its disruption to many sectors resulted in an unexpected blend of benefits for the IT industry, given that government and businesses around the world recognize the value of ICT to their strategy, performance, processes, operations and success.

> It is the aspiration of this Board to see a sharp increase in much sought-after digital services and competencies; and an increase in SMMEs that SITA will partner with, in transforming and modernising SITA itself, the public service and departments and their services to the citizenry at large.

The adoption of digital platforms and services increased at a significant rate, making the market more fertile for ICT and SITA interventions, given the role the organisation must play in the ICT public and private sector transformation.

It is the aspiration of this Board to see a sharp increase in much sought-after digital services and competencies; and an increase in SMMEs that SITA will partner with, in transforming and modernising SITA itself, the public service and departments and their services to the citizenry at large. SITA will also play a critical role in making access to the digital economy accessible and affordable – it is after all its core business.

Whilst SITA is a going concern which is on the mend, and building on improving performance, the Board will provide an oversight role and direct its energies through focusing on enhancing governance; ensuring effective and efficient supply chain management with a specific focus on addressing the tender backlogs and ensuring excellence in the core business of SITA, noting specifically those services and deliverables that are colloquially referred to as the "must services".

SITA PERFORMANCE

The previous year shows a marked improvement in SITA's performance and this will be a firm foundation for the new Board to take off from. The ad hoc and lacklustre performance within the procurement environment, slow delivery and quality of services; are areas that the current Board will focus on. The community of capable start-ups, hackathons and SMMEs will be able to leverage many framework agreements currently available at SITA, to improve the current baseline set.

As the pace of digital transformation continues to accelerate and the needs of citizens become more demanding, it makes it even more challenging and complex to optimize ICT and operations for speed and quality. This must however be executed on to ensure that public sector services can be enhanced to run more efficiently whilst simultaneously run a parallel transformation agenda. Our oversight role includes that SITA transforms the business, takes care of its employees, render good quality services to its clients and ensure that all this is done in a seamless, secure, and responsible manner.

The Board is fully aware that this is a major task ahead of us - and we are equal to the task.

GOVERNANCE

The composition of the current SITA Board is a brilliant combination of competent public and private sector individuals, SMME players and IT practitioners. It is our ambition that whilst we will be focusing on accelerating the delivery and impact of the SITA mandate, we will also provide a strong and necessary oversight role, focusing on the implementation of policies which will result in good governance.

These will be carefully considered and implemented using a collaborative approach and excellent leadership principles through engagements with the sub-committees of the Board, management committees within the operations and the stacking up of delegations.

HUMAN CAPITAL

The critical tenet for SITA to achieve its mandate, lies squarely in ensuring the organisation is served by the right calibre of people that is, competent to deliver on the SITA mandate and fit for purpose. SITA's human capital must be characterised by a dynamic mix of people and technological skills. In turn, this must manifest itself in a great attitude, courageous, and result driven workforce whose passion is to ensure quality service delivery and impact. There is a need to accelerate transformation and modernisation in our environment and to invest in the workforce of the future that has in-depth understanding of technological trends and developments – critical ingredients for an organization that must innovate.

The SITA Board fully aligns themselves with the organisational values, notably those behaviours that relates to: Integrity and Professionalism. These must be foundational and embedded in the SITA culture; and must be experienced by all stakeholders and evidenced in how SITA delivers on its mandate.

ICTs such as Data and Analytics offers a myriad of opportunities to create visibility, views and possibilities. For example, a single view of a patient, a single view of an indigent, a single view of a student just to list a few. This will go a long way to remove some of the unnecessary and expensive duplication in services. This will also lead to both new services and new revenue streams.

In a nutshell, our role as the SITA Board is to consolidate the successes recorded by SITA in the ICT sector, bridge the gaps in the policies, regulations and performance, and as such increase SITA's service delivery contribution to the nation and broad socio-economic development.

It is fitting to acknowledge and appreciate SITA management and staff for the work over the years. This extends to ensuring our seamless transition into the organisation, as we look forward to continued organisational growth and development.

In conclusion, I also would like to make a pledge and say we will enhance governance, ensure that there is transparency and trust, modernise SITA operations and legacy environments, excel in all the SITA "must services" through a high-performance culture and ensure that the SITA brand is respected and associated with growth, creation of employment, secure access for all, industry transformation, professionalism and integrity.

Ms Makano Mosidi
Chairperson of the Board

Interim Managing Director Statement

In developing the SITA Annual Performance Plan (APP) for this financial year, as SITA, we endeavoured to do things differently, noting especially the important interplay and intersection between strategy and operations.

Therefore, this year our corporate strategy development session started quite differently, with the initial focus on a vibrant dialogue on the identification of real and current stumbling blocks to SITA service delivery challenges.

In this session, attended by the Executive Committee and senior management, a key discussion was on the reasons for non-implementation, and this group's investment into immediately removing these obstacles and corporate blockages. In this first phase of the strategy development session, the interaction was also opened for more managers to participate and to give input into the discussion areas. In addition, every employee in the organisation was given an opportunity, through a survey, to interact with the SITA world of work, service delivery improvement initiatives and areas of emphasis within the SITA strategy. This interactive approach should engender greater ownership of our corporate programmes and service delivery initiatives.

Planning for implementation must become a reality that is embedded in the corporate ethos of the organisation, and the results from there must be tangible, qualitative and sustainable.

In essence, the Strategic Plan (SP) 2020-2025 is premised on the growth of SITA business, the growth of its workforce capabilities and the growth of opportunities that it presents to government for ICT development.

The overarching theme in the SP is SITA's commitment to offer quality products and services that customers will need, while also being reliable and relevant to government service delivery and citizens requirements. Thus, the SITA digital transformation journey is embedded in the quest to take advantage of new technologies, while also investing in improved systems and service delivery.

This particular APP is notably also encapsulated in an outcome-based strategy approach, as the implementation of measurable outcomes is critical for organisational sustainability and success. Previously in this value chain, the aggregated organisational activities and outputs would contribute to a strategic objective. The new approach is to have a vision that invests in outcomes. Within a digital transformation sphere, this becomes even more critical, as this is an ever-evolving and ever-changing dynamic sphere. The definition and articulation of SITA's vision in the long, medium and short term, where and how SITA should compete, and how we best complement government plans and policies within the ICT space, have been critically reflected in the SITA Strategic Plan 2020-2025 focus areas for the agency for 2022 and beyond.

The APP for FY2022/23 becomes the third year for the implementation of the SP 2020-2025 and has been specially crafted through reflecting on the baseline outcomes in the SP, and the necessary adjustments required to achieve the mid-term strategic outcomes. The strategic programmes remain as defined in the SP, with enhancements and focus areas in digital services, research and innovation, digital infrastructure, information security, procurement, skills/capability management and customer-centricity.

The SITA digital services, in the form of its applications and solutions, will be deployed with a view to enhancing the end-to-end public service value chain, and improving citizens' experience through supporting the efficient delivery of all public services by government.

SITA aims to continue conducting experimental and exploratory research that is aligned to developing new ICT products and services and business models that are targeted at digitally transforming public services through the national service delivery cycle. This approach to research and innovation initiatives will be a collaborative exercise with industry, academia and other relevant agencies to identify and develop innovative proof-of-concepts and solutions to be deployed in government. The ultimate aim is to implement an open innovation approach as a vehicle

to source new and innovative solutions and ideas from the citizens and industry with locally developed solutions.

From a digital infrastructure perspective, broadband, the software defined network, the adoption of cloud and the acceleration in terms of the modernisation of data centres and improved security remain core focus areas. Our revised service portfolio and value proposition in this period will be to build core capability in applications, and virtualised hosting services.

Another area that is embedded in our SP is the focus on managing the SITA risk profile, which both anticipates the strategic and operational risks that must be managed and mitigated – as part of our futuristic thinking and planning.

The SITA investment into security protocols to ensure that government and citizens are able to transact, communicate and interface in an environment that is secure and safe, will be the part of the litmus test –proving SITA to be the leading ICT agency for public service delivery. Significant integrated action into the security of government data assets is a priority that SITA aims to strengthen in this financial year.

From a procurement perspective, SITA's business will be centred around the envisaged reforms that will deliver much-needed value in vendor management, industry partnerships and small, medium and micro enterprise (SMME) development. Procurement must be a vehicle to leverage economies of scale and excel in the automation of services.

Our overall business review process included the assessment of SITA's capabilities and defining a revised plan of upskilling the workforce to deliver on current and future customer expectations. SITA is mindful of the scarce resources and the fierce competition for emerging technologies' skills and talent, and therefore our approach to sourcing and retaining talent has been revised and augmented to ensure we always have sufficient capacity to deliver on our mandate. Aligned to the talent agenda is the current priority work on the transformation of the SITA culture to embed refreshed mindsets for the digital ecosystem. To date, SITA has revised its values to focus on six critical areas, namely customer-centricity, innovation, integrity, agility, collaboration and empathy. Beyond the revision of the values is the entrenchment of these values to ensure they are practised daily by all in the organisation.

SITA remains an Agency committed to the improving the country's capabilities and eradicating the various socioeconomic-environmental challenges through our strategic programmes and associated impact. I am pleased to release this APP and am confident that through the continued support from our Shareholder, Board, stakeholders and the dedication of our employees, we will create value for government and deliver the benefits to our citizens.

Mr Luvuyo Keyise

Interim Managing Director
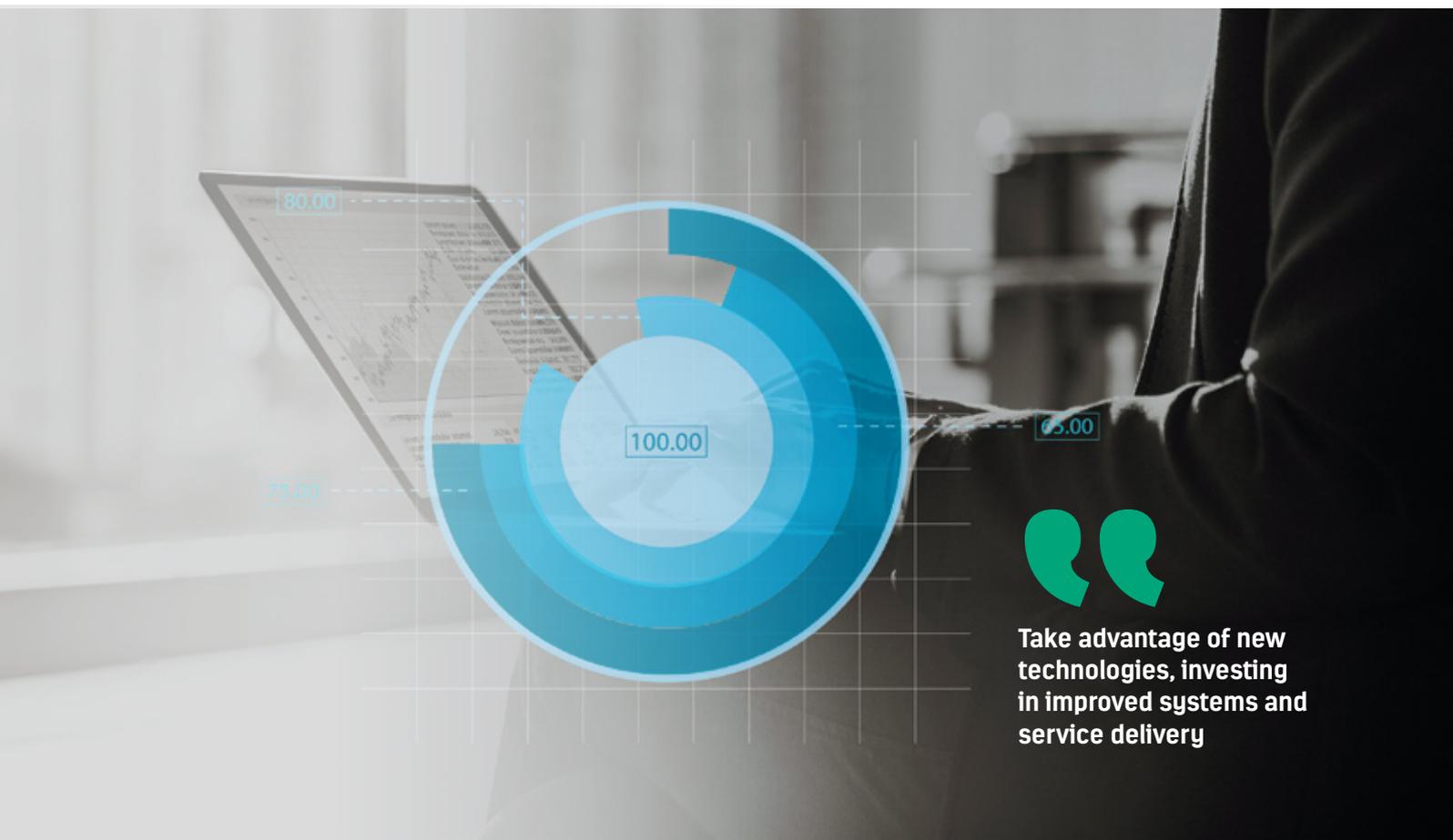
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Official sign-off

It is hereby certified that this Annual Performance Plan:

Was developed by the management of the State Information Technology Agency (SITA), under the guidance of the Board and in consultation with the Department of Communication and Digital Technologies;

Considers all relevant legislation, policies, and other mandates for which SITA is responsible; and

Accurately reflects the outcomes and outputs which SITA will endeavour to achieve during the 2022-2023 financial year.

Mr Sidima Ntsangani
Executive Application Development and Maintenance

Mr Lance Williams
Executive IT Infrastructure Services

Mr Gopal Reddy
Executive Service Management

Mr Kenneth Pillay
Executive Supply Chain Management

Ms Samukelisiwe Dube
Executive Human Capital Management

Mr Lucas Mogashoa
Executive Corporate and Digital Strategy

Mr Molatlhegi Kgauwe
Chief Financial Officer

Mr Ntutule Tshenye
Executive National and Regional Consulting

Ms Makano Mosidi
Chairperson of the Board

Mr Luvuyo Keyise
Interim Managing Director

Ms Khumbudzo Ntshavheni (MP)
Executive Authority

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PART A

OUR MANDATE

PART A

our mandate

1. UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

a) The legislative and policy mandates remain unchanged as articulated in the SITA Strategic Plan 2020-2025, however, there are anticipated changes as outlined in the draft bill for the new State IT company as informed by the DCDT State owned companies (SOC) rationalisation programme.

b) SITA as a public entity is guided by all public service legislation and regulations in executing its role. The agency draws its policy mandates from the outcomes of the work done by the Presidential Review Commission (PRC) of 1996, which recommended the formation of an information management and systems technology (IMST) lead agency, i.e. for SITA to fulfil the following roles:

   i) procure ICT goods and services, using economies of scale to reduce the cost of ICT;

   ii) develop standards, architectures and strategies to enable systems to exchange information;

   iii) enhance government productivity through the use of ICT;

   iv) focus government ICT provision towards the betterment of citizen-centric services; and

   v) coordinate whole-of-government IMST initiatives in relation to a specific set of IMST functions with other participating departments.

c) Further to the PRC report, SITA derives its mandate from the SITA Act, 88 of 1998, as amended, which defines the two objectives of the agency, namely:

   i) to improve service delivery to the public through the provision of information technology, information systems and related services in a maintained information systems security environment to departments and public bodies; and

   ii) to promote the efficiency of departments and public bodies through the use of information technology.

d) To execute its mandate, SITA is guided by all public legislations and regulations that promote the effective and efficient functioning of the agency, as well as optimal service delivery to its customers. These include the Public Finance Management Act (PFMA) 1 of 1999, Public Service Act Proclamation 103 of 1994, PRC on Public Service (Chapter 6), SITA Act 88 of 1998, e-Government IT Policy Framework, SITA Amendment Act 38 of 2002, Electronic Communications Act 36 of 2005, Electronic Communications and Transaction (ECT) Act 25 of 2002, Machinery of Government, SITA General Regulations and Proclamation 47 of 2014. Moreover, SITA subscribes to the principles of the ICT House of Values, which provides guiding principles that are a prerequisite for the successful implementation of digital government and that ensure that government derives business value from SITA as a lead ICT agency.

1.1 Updates to institutional policies and strategies

The SITA Strategic Plan 2020-2025 is still relevant, as it responds to the current and pressing needs of government to deploy digital technologies and transform service delivery for greater citizen experience of the consumption of public services. The table below maps the key ICT expectations of SITA as defined in the revised MTSF and 4IR Commission mandate. It is important to note that SITA has already started implementation in some of these expectations in prior financial years and that delivery spans across the medium-term expenditure cycle of SITA.

Table 1 – Government priorities

Government's revised MTSF 2019-2024 priorities			SITA enablement
Government priority	**Indicator**	**Target**	
PRIORITY 1: **A capable, ethical and developmental state**	Digitalisation strategy implemented	National e-Government strategy and roadmap implemented	▪ Develop and deploy e-services on the portal ▪ Increased citizen value through availability and accessibility of core government public-facing services on digital platforms ▪ Develop and deploy use cases through the integration of government data and systems
PRIORITY 2: **Economic transformation and job creation**	Percentage increase in broadband penetration	80% of population to have access to the internet by 2024	▪ Implement broadband connectivity in line with the revised SA Connect model ▪ Mainstream the deployment of broadband in line with customer requirements

Government's revised MTSF 2019-2024 priorities				SITA enablement
Government priority		Indicator	Target	
PRIORITY 2: (CONT.)	Economic transformation and job creation (cont.)	National priority sectors grow contribution to GDP growth of 3% and exports increase by 4%	Implementation of the industrial master plans (including the digital economy) and create a conducive enabling environment for national priority sectors: emphasis on job creation, optimise local sourcing, inclusion of SMMEs in value chains, skills development and increasing exports by 4%	▪ Increased procurement acquisition spending through black SMME entities on influenceable spend ▪ Procurement of local innovations on behalf of government in line with procurement regulations ▪ Commercialisation of open innovation solutions to support the government transformation agenda, i.e. SMME industry
		Support localisation and industrialisation through government procurement	Propel localisation and industrialisation through government procurement with 100% compliance on government spend on designated products and services	
		Establishment of Artificial Intelligence (AI) Institute	Establish the AI Institute in March 2022/23	▪ Provision of application programming interfaces to enable heterogenous systems to integrate ▪ Deployment of artificial intelligence and/or Internet-of-Things (IoT) use cases through the integration of government data and systems
PRIORITY 3:	Education, skills and health	Number of schools connected for teaching and learning	Department of Basic Education (DBE) to collaborate with Department of Communications and Digital Technologies (DCDT) to ensure 90% school connectivity	▪ Provision and maintenance of broadband services to support connectivity to schools ▪ Mainstream the deployment of broadband in line with customer requirements

Government's revised MTSF 2019-2024 priorities			SITA enablement
Government priority	**Indicator**	**Target**	
PRIORITY 6: **Social cohesion and safe communities**	Architecture/ design of the Integrated Cybersecurity Centre completed and approved	Operationalise the approved operating model for the Integrated Cybersecurity Centre	▪ Establishment of the Security Operations Centre capability (SOCC) ▪ Provision of Security Operations Centre services to customers ▪ Implementation of planned milestones for SOCC on all SITA VPNs

1.2 Department of Communications and Digital Technologies outcomes

a) The DCDT as a shareholder has identified key outcomes that are aligned to the MTEF priorities. The focus areas for DCDT are as follows:

    i) enabling digital transformation policies, strategies and regulations;

    ii) increased access to secure digital infrastructure and services;

    iii) digitally transformed economy and society; and

    iv) high-performing and sustainable portfolio to enable achievement of their respective mandates and policy objectives.

b) SITA has, in consultation with DCDT, ensured alignment of its APP targets with DCDT outcomes to ensure synchronous implementation of government priorities.

2. UPDATES TO RELEVANT COURT RULINGS

The SITA mandate is impacted by the Constitutional Court declaring the current PPPFA Regulations invalid; this court ruling has resulted in a moratorium on procurement activities.
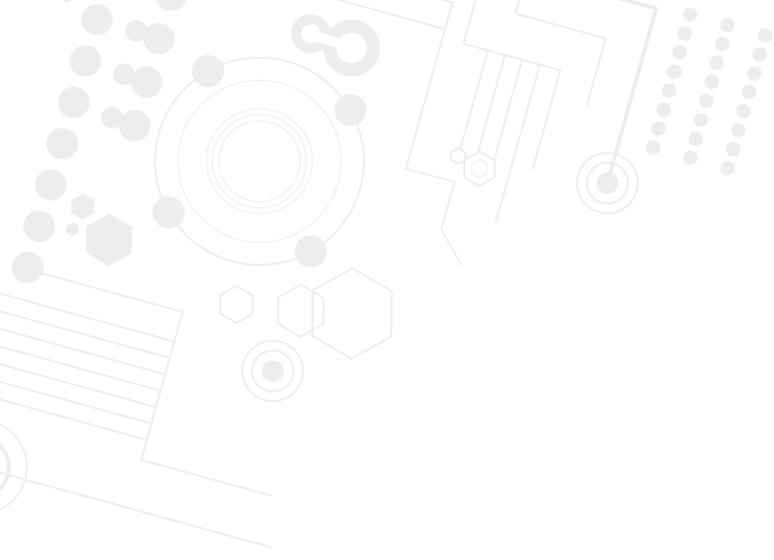
PART B

OUR STRATEGIC FOCUS

3. SITUATIONAL ANALYSIS

3.1 Strategic overview

MISSION

To render an efficient and value-added ICT service to the public sector in a secure, cost-effective and integrated manner, contributing to service delivery and citizen convenience.

VISION

To be the leading information and communications technology (ICT) agency in public service delivery.

VALUES

In a quest to achieve its mission and vision, SITA has adopted and seeks to promote the following values:

CUSTOMER-CENTRICITY – exceed customer expectations by providing the best appropriate services and solutions

INTEGRITY – conduct our business with integrity at all times to inculcate a culture of honesty, respect and accountability among all our employees

COLLABORATION – cooperate and support each other in pursuit of our shared goals to achieve synergies and greater productivity

INNOVATION – pursue innovation by demonstrating thought leadership and proactive behaviour on the use of ICT to enhance public service delivery

AGILITY - adaptive and responsive in an evolving environment in order to maintain relevance and competitive advantage

EMPATHY - understand and support each other in our different perspectives

3.2 External environment analysis

The focus of the FY2022/23 APP has been developed with due consideration of the volatile external environmental factors as outlined below.

3.2.1 Global COVID-19 pandemic

a) Prior to the COVID-19 pandemic, SITA recognised the need to digitise government to enable greater citizen experience of government services through digital channels and to improve efficiency of government operations through the provisioning of secure and cost-effective digital solutions. Strategic execution required collaboration with the ICT ecosystem. During the first year of SITA's strategy implementation period, the COVID-19 pandemic hit the world, laying bare the digital divide and the importance of ICT in business models. It has now been nearly two years since the existence of the pandemic that has created a significant disruption in governments, businesses, social organisation and citizens across the globe. The pandemic has re-shaped life tremendously and has had a profound impact on the digital landscape of South Africa (SA). This is envisaged to continue after the pandemic. The general need by citizens to access government services through digital platforms has never been more apparent, and this creates an urgency to accelerate the implementation of policies and programmes aimed at bridging the digital divide to create an inclusive digital economy.

b) The digital divide challenge has been highlighted as a contributing factor to worsening the socioeconomic status of SA. According to the National Income Dynamics Study Coronavirus Rapid Mobile Survey findings, up to 750 000 learners dropped out of school during the COVID-19 pandemic, and almost a full year of learning was lost since the pandemic started. Moreover, the General Household Survey (GHS) report produced by Statistics SA indicates that socioeconomic problems such access to technology and internet connectivity are still challenging factors in SA. As depicted in the tables below, households that have no access to either a cellular or landline phone increased from 3.4% in 2018 to 3.8% in 2019. The proportion of households with access to the internet was 63% at a national level in 2019. This high percentage is mainly because at least one member of a household had access to the internet, mainly through mobile devices. At provincial level, Gauteng was the province with the highest proportion of households with access to the internet at 74.2%, followed by the Western Cape at 73.8%. The province with the lowest access to the internet was Limpopo at 43.0%. There may be a further decline in the statistics provided when the post-COVID-19 figures are considered.

Figure 1 – General Household Survey

Proportion of household who have a functional landline and/or cellular telephone in the SA in 2015-2019

	2015	2016	2017	2018	2019
▮ Only Cellular Phone	85.5%	87.0%	88.2%	89.5 %	87.8%
▮ Cellular & Landlane Phone	10.9%	9.4%	8.2%	7.1%	8.3%
▮ None	3.5%	3.5%	3.5%	3.4%	3.8%
▮ Only landline Phone	0.1%	0.1%	0.1%	0.1%	0.1%
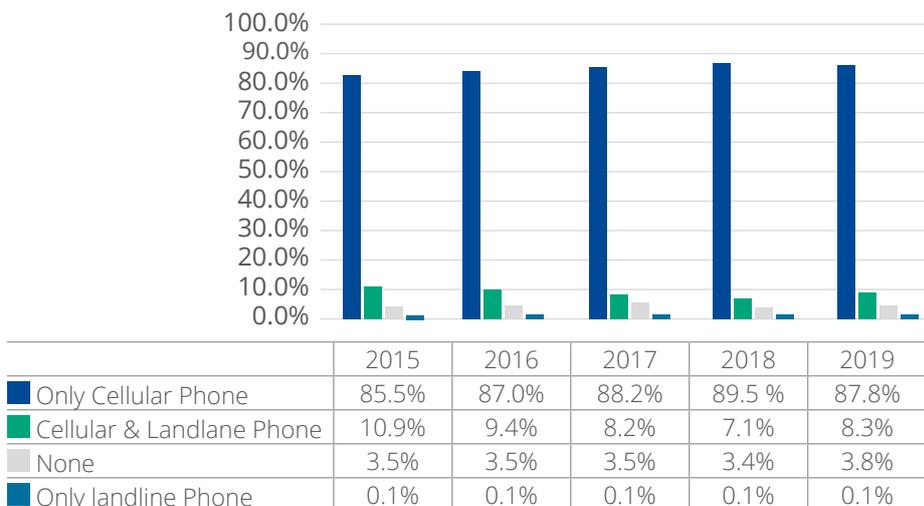
Source: StatsSA GHS, 2015, 2016, 2017, 2018, 2019

Percentage of households with access to the internet at home, or which at least one member has access to or used internet by province in 2019
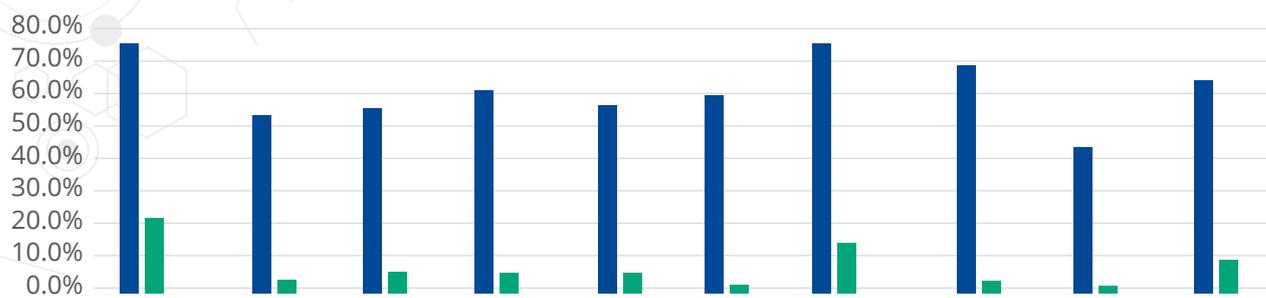
	Western Cape	Eastern Cape	Northern Cape	Free State	KwaZulu Natal	North West	Gauteng	Mpumalanga	Limpopo	Nationally
■ Anywhere	73.8%	52.2%	54.6%	60.2%	55.5%	58.6%	74.2%	67.4%	43.0%	63.0%
■ At home	21.7%	3.2%	5.9%	5.4%	5.8%	2.3%	14.9%	3.2%	1.6%	9.1%

Source: StatsSA GHS, 2019

c) The COVID-19 pandemic has also had a significant impact on the economy, leading to significant budget cuts in government expenditure, personal expenditures and business spending. In defining economic recovery instruments, the SMME sector was earmarked as a key employment creator. However, according to a report, Reflections on the Impact of COVID-19 on Small Businesses in SA, September 2020, by the Small Business Institute, several SMME's have seen high percentile drops in revenue of between 80% - 90% and faced business closures. Furthermore, the SMME Quarterly Update Third Quarter 2020 report issued by SEDA indicates that there was an 11% decline in the number of SMME owners and that 90% of the jobs lost in the third quarter of 2020 originated in the SMME sector.

d) The ICT sector still remains an enabler of growth and job creation, therefore SITA's role as an organ of state becomes more apparent. The need to provide digital infrastructure and high-speed broadband connectivity to the government departments, particularly those in destitute areas will help to improve access to ICT and digital literacy. At the centre of this provision is the importance of collaborating with the SMME sector to deploy digital innovation in government, which will ease the distress of COVID-19 on the country's socioeconomic status. However, to ensure SMME development and collaboration, the implementation of enabling policy and regulatory framework should be accelerated.

3.2.2 Technology trends

a) The COVID-19 pandemic compelled government to embrace the accelerated pace of digital transformation and adopt new technologies. SITA recognises that leveraging the existing appetite for digital technologies will require partnership with the ICT ecosystem to augment its capability to meet the demand. Furthermore, implementation should consider customer readiness and the adoption of a pricing model that considers diverse customer needs, as well as adoption of green IT approaches to combat the impact of technology on the environment.

b) SITA has in previous financial years established programmes with the required capital investment to modernise its product and service offering and to enable adoption of advanced technologies internally and by its customers. The organisation acknowledges that a lot still needs to be done to further develop innovative solutions and ensure readiness for commercialisation. However, some of the solutions are at an advanced stage of being consumed by customers. Furthermore, challenges relating to the lack of a common ICT investment and consumption model within government and minimal implementation of enabling policy and legislation for overall government digitisation persist, and this leads to the deployment of technology based on customer appetite to consume them and the inability to reap the results of digitisation.

c) SITA's strategy and annual implementation plans continue to align with technological changes. The figure below depicts technologies that continue to be drivers of change in the public sector.

Figure 2 – Technology drivers

1	IT modernisation is one of the key tasks for public sector entities	2	Cloud and digital platforms adoption	3	Improvement of remote working capabilities	4	Citizen experience improvement
8	IoT adoption for smart cities and digital services	7	5G expansions adoption	6	Software defined networks	5	Government process automation
9	Edge computing to move computing closer to the citizens	10	AI and analytics provide better insights from government data	11	Cyber security is the foundation of everything	12	Blockchain is key to smart contracts and land registries

(Source: Technology Trends Public Sector, 2021, public-sector/digital-trends-2021-Public-Sector-report-EN and Deloitte Digital Government Transformation)

3.2.3 Government ICT ranking

a) Global ICT rankings provide a valuable indication of SA's performance in relation to other countries over a period of time. These have often given rise to policy changes to enable implementation of effective ICT strategies that contribute to economic improvement, among others. Two significant ICT indices have been reviewed, namely the Network Readiness Index (NRI) and the United Nations (UN) e-Government survey.

b) Although SA is still ranking higher in comparison to other African countries, this is actually a regression in comparison to the 2016 position of 65 out of 139 countries (South Africa Digital Health Dashboard [SADHD], 2020). Governance seems to be the highest performing pillar followed by technology adoption of and investment in future technologies. The value of digitisation is derived from access to and utilisation of technologies. Issues of connectivity and skills development will need to be prioritised in order to realise the impact of technology in enabling greater citizen experience of public service delivery, improved socioeconomic status and economic growth.

c) On the other hand, the UN e-Government survey 2020, which measures how digital technologies and innovations are impacting the public sector and transforming people's everyday lives, indicates that SA's ranking has declined by 10 positions from 68 in 2018 down to 78 in 2020, as depicted below.

Figure 3 – UN e-Government ranking 2020
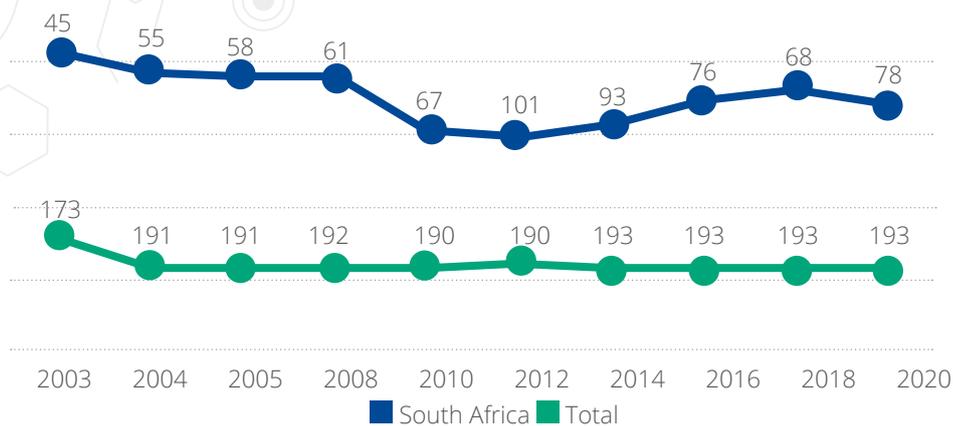
3.2.4 Regulatory factors

Regulatory factors play a significant role in the realisation of the vision of a digitally transformed government. In the previous year (2020), there was an introduction of new policy directions which sought to enable the transformation agenda. However, given that implementation is lagging, the following enablers were put in place:

a)   **Digital transformation policy:** This will incorporate a revision of all existing ICT policy and legislation. There will be a focus on mainstreaming issues related to women, youth and people with disabilities. The digital transformation bill is envisaged to be developed and presented to Parliament by 2023. It is further envisaged that the policy will cater for challenges regarding procurement of innovation and the funding technologies and solutions relating to transformation.

b)   **Spectrum policies:** The Wireless Open Access Network (WOAN) talks about a new company that will run and manage the spectrum to ease access, improve wireless broadband access to citizens and indirectly reduce costs.

3.2.5 Customer expectations

SITA is striving to become a customer-centric organisation and is prioritising the eradication of service delivery challenges. The role of SITA is critical in enabling government as IT continues to have the bigger portion of the nation's ICT spend. Education, health and social development continue to have high budget allocations. These are the areas to showcase the value of digitisation. Therefore, implementation of digital innovations should have clear metrics of success that are public-facing to ensure efficient use of the fiscus, which translates to tangible outcomes. The following are common customer needs and expectations:

a)   customers expect SITA to have readily available capabilities to meet their digital transformation needs;

b)   provision of end-to-end integrated digital solutions aligned to 4IR;

c)   agility and readiness to respond to digital transformation requirements;

d)   thought leadership to enable customers to optimally fulfil their strategies;

e)   provision of broadband connectivity, application, software-defined network, digital technologies to stimulate local economy;

f)   uninterrupted network services provisioning and uninterrupted support and maintenance for services procured through SITA as per signed service level agreements;

g) prompt service delivery once agreements are signed with high-quality service delivery; and

h) consistent, competitive pricing for all services.

3.3 Internal environment analysis

As SITA enters its third year of strategy execution, the impact of COVID-19 on SITA, its customers, its people and its communities cannot be discounted; its effects and the economic disruption will continue to be felt. SITA's internal business environment impacts the success and approach of its business operations, and it is therefore crucial to recognise potential opportunities and threats outside its operations while simultaneously managing the strengths of internal operations to achieve desired business results.

3.3.1 Organisational challenges

Internal multi-level stakeholder engagements, key external stakeholder consultations and an in-depth internal needs assessment revealed key deficiencies and challenges that compromise optimal service delivery. These are summarised below and can be apportioned to key operational areas, namely procurement, infrastructure and technology, products, services and pricing, strategy and request fulfilment, as well as people and organisational culture.

a) Procurement:

i) Long procurement turnaround times hinder timeous delivery of customer requests and tender cancellations nullify customer advocacy efforts to sell SITA developed solutions.

ii) The procurement model is not adequately capacitated to support customer service delivery at a regional level, resulting in service delivery delays.

iii) Delegation of authority pertaining to regional procurement delays the timely processing of customer requests.

iv) Inability to deliver according to customer procurement needs and demands increase lack of confidence and trust in SITA to fulfil its role as government's procurement arm, exacerbating the brand deficit of an already battered brand.

v) Insufficient workflow automation to manage and track procurement and service delivery transactions end-to-end.

b) Infrastructure and technology:

i) Lack of a consolidated approach to addressing regional broadband requirements.

ii) Gaps in infrastructure to deploy digital services and applications in the customer space.

iii) Old infrastructure and outdated equipment in switching and data centres inhibits quality service delivery, further tarnishing SITA's image and reputation.

iv) Lack of regional involvement at the inception phase of contracts renders some contracts ineffective for regional business requirements and constrains business growth.

v) Financial resource constraints impede ability to establish infrastructure aligned to the corporate digital transformation strategy.

vi) Lack of a consolidated inventory register of all ICT assets across organs of state that have been/ are government-funded impedes leveraging these assets for re-use and commercialisation.

vii)   Recurring network challenges due to delays in modernising the existing SITA network to a software-defined network (SDN).

viii)   Inadequate industry partnerships to augment technology and human capacity constraints to be more responsive to increased customer demands.

c)   Products, services and pricing:

i)   Lack of readiness of capabilities (e.g. SOC, SDN not fully established) inhibits sales, business growth and hinders customer relationship-building.

ii)   Selling services to customers where support and maintenance contracts have expired and premature marketing of some product and service offerings.

iii)   Lack of business growth, i.e. mainly recurring business with few new opportunities due to digital readiness lagging behind.

iv)   Disparities between SITA and industry pricing models for similar services, e.g. SITA cloud services are priced higher.

v)   SITA's high rigid pricing model (e.g. port costs/connectivity) vs. industry pricing, exacerbated by unwillingness to customise packages to unique customer requirements.

vi)   Outdated service catalogue which is not fully aligned to 4IR and digital transformation priorities.

d)   Strategy fulfilment:

i)   Lack of a clear digitisation strategy and plan for government informed by comprehensive IT as-is assessment to enable formulation of a government digital roadmap.

ii)   Lack of understanding of municipal business impedes responding appropriately to customer requirements and inability to grow footprint.

iii)   Lack of fully-fledged capabilities to meet customer needs (e.g. gaps in the consulting capability at regional level hinder deriving optimal value from the operating model).

iv)   Capacity constraints results in resources assuming multiple roles, thereby stretching resources.

v)   Implementation of premature go-to market strategy exacerbates brand deficit and reduces customer confidence in doing business with SITA.

vi)   Lack of optimal cross-functional collaboration and coordination at national and provincial levels hampers ability to fulfil customer needs.

e)   People and organisational culture:

i)   Multiple waves of the COVID-19 pandemic compounded the negative impacts on employee wellness and increased the number of fatalities.

ii)   Sub-optimal performance management culture which impacts productivity and the bottom line.

iii)   Lack of adequate consulting skills at national and regional level, lack of internal skills in emerging technologies and competition for limited skilled resources places undue strain on existing resources.

iv)   Increased competition for limited digital transformation skills increases the cost of attracting and retaining skills.

v) Lack of adequate digital skills in areas such as such as cyber-security, API and services platform design, mobile computing, platform modelling, digitisation equipment, software-related skills, digital dexterity, robotics and innovation management.

vi) Cumbersome recruitment processes resulting in loss of potential employees and loss of planned income.

vii) Lack of fully-fledged capabilities to meet customer needs (e.g. gaps in the consulting capability at regional level hinder deriving optimal value from the operating model).

viii) Capacity constraints results in resources assuming multiple roles, thereby stretching resources.

ix) Lack of a well-defined skills transfer roadmap between old and new generations leading to lack of capacity to maintain legacy systems.

3.4   Taking SITA forward – FY2022/23 and beyond

a) The APP FY2022/23 was developed through extensive consultations with key internal and external stakeholders through focus groups, strategy planning sessions, stakeholder surveys and/or workshops to ensure the transformation of the agency's business operations, thereby enabling optimal delivery on its mandate.

b) In response to the emerging environmental changes and internal analysis, in particular the continued impact of the COVID-19 pandemic and the aforementioned organisational challenges, the FY2021/22 quarterly corporate performance status and other collective stakeholder reflections and analysis, the following key focus areas will be prioritised in the coming financial year:

i) procurement and transformation;

ii) people and talent management;

iii) infrastructure and technology;

iv) digital services;

v) digital and ethical culture;

vi) research and innovation; and

vii) financial sustainability.

c) Transformation in these priority areas will be supported by key enablers intended to promote integration, improvement, innovation and value creation for the benefit of SITA and its key stakeholders.
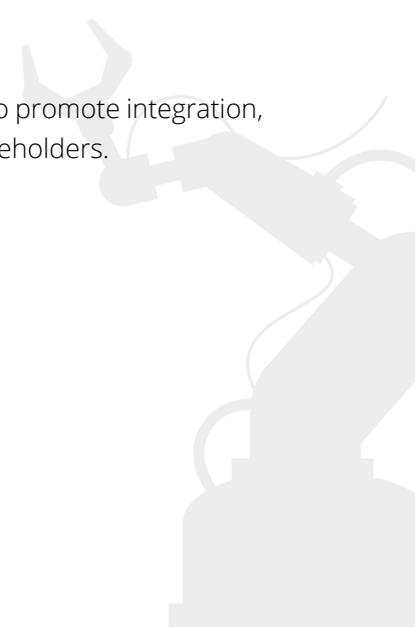
3.4.1 Procurement and transformation

a) To manage the procurement and contracting of ICT commodities of the vast government landscape, SITA will create value through transformed efficient procurement practices, leveraging industry partnerships, balancing the benefits of aggregated purchasing and the promotion of economic opportunities in all regions to make it easier for small- and medium-sized enterprises to compete for government contracts.

b) Given that South Africa has among the highest levels of inequality, unemployment and poverty globally, supply chain optimisation interventions will also address historical imbalances and promote greater economic inclusion in the country. The transformation of the SITA supply chain management capability will respond to agile and prompt service expected by customer government departments. This will be achieved through the implementation of the following strategic initiatives:

   i) embed a culture that will create and deliver value to both internal and external stakeholders;

   ii) accelerate automation of manual processes by enhancing the procurement technology stack, including appropriate controls and creating greater spend visibility;

   iii) establish SCM ICT Centre of Excellence practice and redefine the value proposition to meet the increased digital needs and demands cost-effectively;

   iv) develop a modernisation plan in collaboration with departments to ensure alignment to their procurement initiatives (the plan will include the provision of advisory and quality assurance services);

   v) ensure consolidation and utilisation of all developed SCM ICT solutions, including the Oracle SCM module;

   vi) address capacitation challenges through addressing resource constraints, reskilling and upskilling;

   vii) prioritise the reduction of the backlog of customer requests through a short-term resource plan to address capacity constraints;

   viii) manage existing strategic partnerships optimally and implement new transversal contracts and framework agreements for procurement on-tap that will serve organs of state immediately for repetitive and common procurement purchases;

   ix) facilitate engagement of SMME's to ensure that procurement processes are SME friendly and enable their participation in large-scale e-Government projects such as SA Connect;

   x) integrate targeted procurement and subcontracting of opportunities for procurements above R30 million across all categories, exclusively for the benefit of black-owned, black-female-owned and youth -owned enterprises and designated groups that are exempt micro enterprises and qualifying small enterprises;

   xi) fast-track procurement process by creation of a transparent and simple mechanism for engaging private partners for e-Governance projects, i.e. develop standardised procurement templates and processes for engagement of private partners in various e-Governance projects, which will enable government departments to engage various kinds of vendors in a fast-tracked manner and speed up the project implementations; and

   xii) positively impact SITA's bottom line through agile supply chain practices and processes that contribute to providing differentiated value while promoting financial sustainability.

c)   It is envisaged that the planned SCM strategic initiatives will largely overcome poor service delivery challenges, alter the negative image perception and seek to improve overall levels of trust and confidence in SITA as government's procurement arm. In addition, leveraging alliances with potential change agents such as National Treasury and the DCDT regarding government procurement policy and technology regulations will enhance service delivery.

3.4.2 Infrastructure and technology

a)   Digital infrastructure and technology are cornerstones of modern society and are aimed at improving access to information and thereby promote transparency of government processes and activities and in turn, build interconnected empowered communities.

b)   The global pandemic has darkly underscored the imperative to use technology as a lever to change how organisations achieve their goals and it has accelerated the need to digitally transform. This makes SITA's role as government's digital transformation agent very relevant in enabling government through scalable digital platforms, leveraging existing technology assets and organising these in a modern digital architecture, and expanding the digital government platform ecosystem (DGPE) with a seamless interplay of advanced capabilities as reflected in the figure below.

Figure 4 – Government private cloud ecosystem
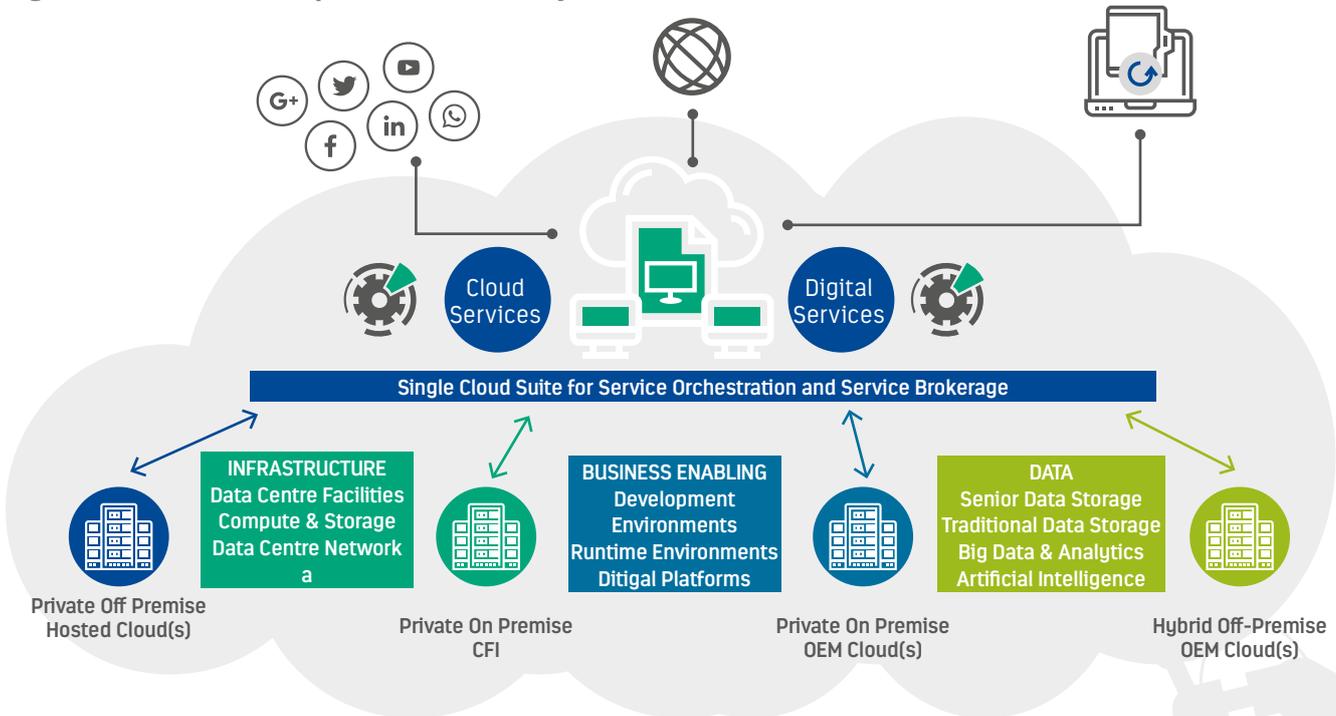
c)   SITA will establish and manage government data centres by prioritising the modernisation of its strategic data centres and rationalising non-strategic switching and data centres, thereby enabling secure availability and accessibility of government data. In regions where SITA does not have its own facilities, data centre facilities will be established through industry partnerships.

d)   Data centre distribution in the country will be divided into two regions to ensure disaster recovery. Data centres, in an active-active configuration, will be established in each region for high availability and fail-over. Furthermore, SITA will establish a data centre in each region to serve as a regional disaster recovery site, including connectivity between the regional capabilities. Therefore, the business value proposition governed by principles stipulated in the government cloud strategy, SITA mandate and governing acts for national key points will therefore consist of the provision of a secure business solution to government, business continuity, operational resilience, and disaster services to departments.
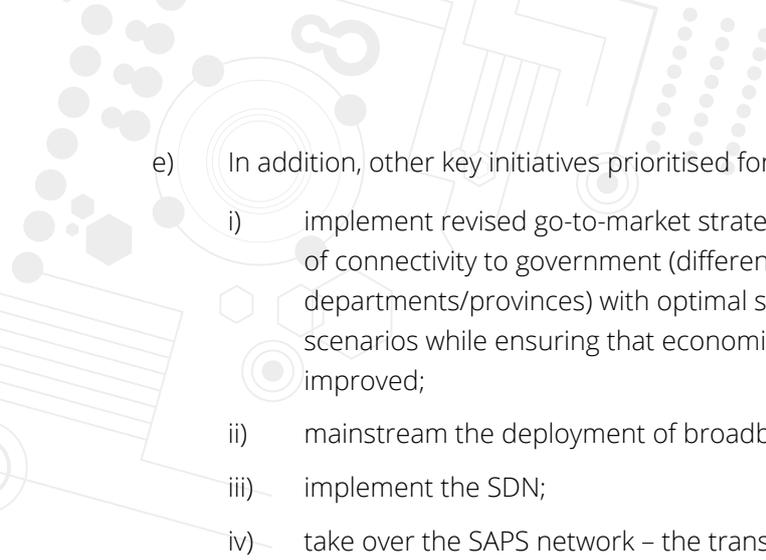
e) In addition, other key initiatives prioritised for FY2022/23 include:

    i) implement revised go-to-market strategy for access links, which aims to optimise the provisioning of connectivity to government (differentiated approach to be taken for small, medium, large departments/provinces) with optimal security measures for corporate and work-from-home scenarios while ensuring that economies of scale are realised and the value proposition is improved;

    ii) mainstream the deployment of broadband beyond the Western Cape, Eastern Cape and Gauteng;

    iii) implement the SDN;

    iv) take over the SAPS network – the transfer of SAPS network assets to SITA presents an opportunity for SITA to take over the currently isolated SAPS network and offer this to SAPS as a service;

    v) continue with the implementation of SA Connect to enable access to digital platforms and services – planned activation of services at 970 sites (LAN and Wi-Fi);

    vi) explore partnership opportunities, for example, carrier-neutral facilities, tier III/IV capabilities, need a clear position in respect of partnerships with Dube trade port and East London industrial development zone (ELIDZ);

    vii) explore differentiated services (i.e. internet services for business hours vs. 24 x 7 x 365);

    viii) implement unified communication capability to ensure a higher level of interaction and collaboration;

    ix) implement an SDN capability to create a more agile and flexible government network;

    x) capacitation of private on-premise cloud foundation infrastructure; and

    xi) implement available services on the government virtual private networks (VPNs).

f) Cyber-threats represent one of the most serious economic and national security challenges faced by nations across the world. As these threats become more sophisticated, SITA will need to enhance the security and resiliency of its systems and continually safeguard both governments' and citizens' data and ensure that critical public services remain unaffected. Therefore, cyber-security will remain a key consideration in the repurposing agenda as SITA digitally transforms itself to respond to the increasing digital transformation needs of government now and into the future.

g) SITA will play a pivotal role in developing the South African cyber-security strategy and policy for all ICT and smart systems and will assume the role for managing government operational security through the establishment of a command security centre in collaboration with key stakeholders such as the DCDT and Information Security Services (ISS). This will include enhancing monitoring and detection, strengthening the resilience of critical systems, and building up critical capabilities, including heightening cyber-security awareness through training programmes and campaigns.

h) In alignment to the above role, SITA will accelerate the establishment of its SOCC to continuously monitor and improve its security posture while preventing, detecting, analysing, and responding to cyber-security incidents.

i) The SOCC will achieve various benefits such as ensuring that information systems utilised by SITA and customers are protected from cyber-threats, potential threats are identified, detected and isolated, cyber-security-related policies and procedures are maintained in compliance with minimum standards and best practices, and state of the art technologies is implemented to monitor, identify, detect, respond as well as protect against malicious attacks.

j)   As the SOCC is rolled out, SITA will initially implement a hybrid model, which combines the benefits of an in-house Security Operations Centre with the security tools of an external service provider.

k)   In addition, the SITA ICT systems and infrastructure modernisation plan will focus on the implementation of key initiatives aimed at creating the business value reflected below, namely:

    i)   implementation of an Integrated Operations Centre (IOC) for improved customer experience, improved overall service availability, cost savings and economies of scale through the sharing of technology platforms;

    ii)   remote support (Beyond Trust) for improved productivity and reduced costs;

    iii)   application performance monitoring for end-to-end monitoring and capacity management;

    iv)   unified internet protocol (UIP) telephony system for integration with work-from-home solutions and other capabilities;

    v)   software asset management to reduce software licence costs, optimise all software licences and improve the financial and reputational risk to SITA; and

    vi)   ITSM7 for improved efficiency and quality of service delivery and other digital and electronic solutions such as Board Pack (a paperless meeting management tool), Enterprise Content Management (ECM) capability for documents and records management, manage COVID-19 in the workplace, digital signatures and e-learning tools for online training.

3.4.3 Digital services

a)   In order to make it easier for the public to transact with government and eliminate the need to deal with with multiple layers of government, simple and intuitive services that support citizens needs and life events are crucial. Digital services must also be secured and convenient to access using the devices of citizens' choice.

b)   The pace of digital transformation continues to accelerate with the private sector investing heavily in disruptive technologies to get ahead of the competition, including adapting their business models to meet ever-increasing customer expectations. For SITA to compete equitably in the 4IR space, it must harness technological advances to drive economic growth and fast-track its ability to evolve digitally – it is not enough to keep pace with the private sector, which is currently its stiff competitor; rather SITA needs to deliver even better services, policies and citizen experiences.

c)   SITA must ensure that government is fit for the digital age through expanding its digital capability, developing modern infrastructure and providing accountability to the public. Digital platforms will thus continue to play an important role in South Africa's digital transformation agenda and will provide reusable, common business services to accelerate digital adoption across government. SITA's key focus areas for the year ahead will entail building integrated common platforms that make it easy to work with government, reducing the costs and risks and ensuring seamless service delivery.

3.4.3 Research and innovation

a) Given the rapidly evolving global and technology landscape, the national strategy for harnessing 4IR requires South Africa to aim to be a nation that fully harnesses the potential of technological innovation to grow its economy and to uplift its people. Research and innovation (R&I) therefore remains a cornerstone of our country's development into a knowledge-based, innovation-driven economy and society. It is a key enabler in creating new avenues of growth and raising our economic competitiveness, as well as generating breakthroughs that meet societal needs and improve the lives of South Africans.

b) Against the above backdrop and noting that R&I is one of the key consulting capabilities of SITA, deriving its mandate from section 7(6)(d) of the SITA Act 38 of 2002 (as amended), which states that "SITA may carry out research regarding the use of information technology to improve the efficiency of the public administration", the R&I agenda will build on existing strengths and opportunities to support the country's national strategy.

c) In response to new technological and societal driving forces, as well as the unprecedented disruption of COVID-19 that has stimulated innovation solutions, research and innovation efforts will focus mainly on applied research as reflected in the figure below.

Figure 5 – SITA research and innovation focus areas and stakeholder universe
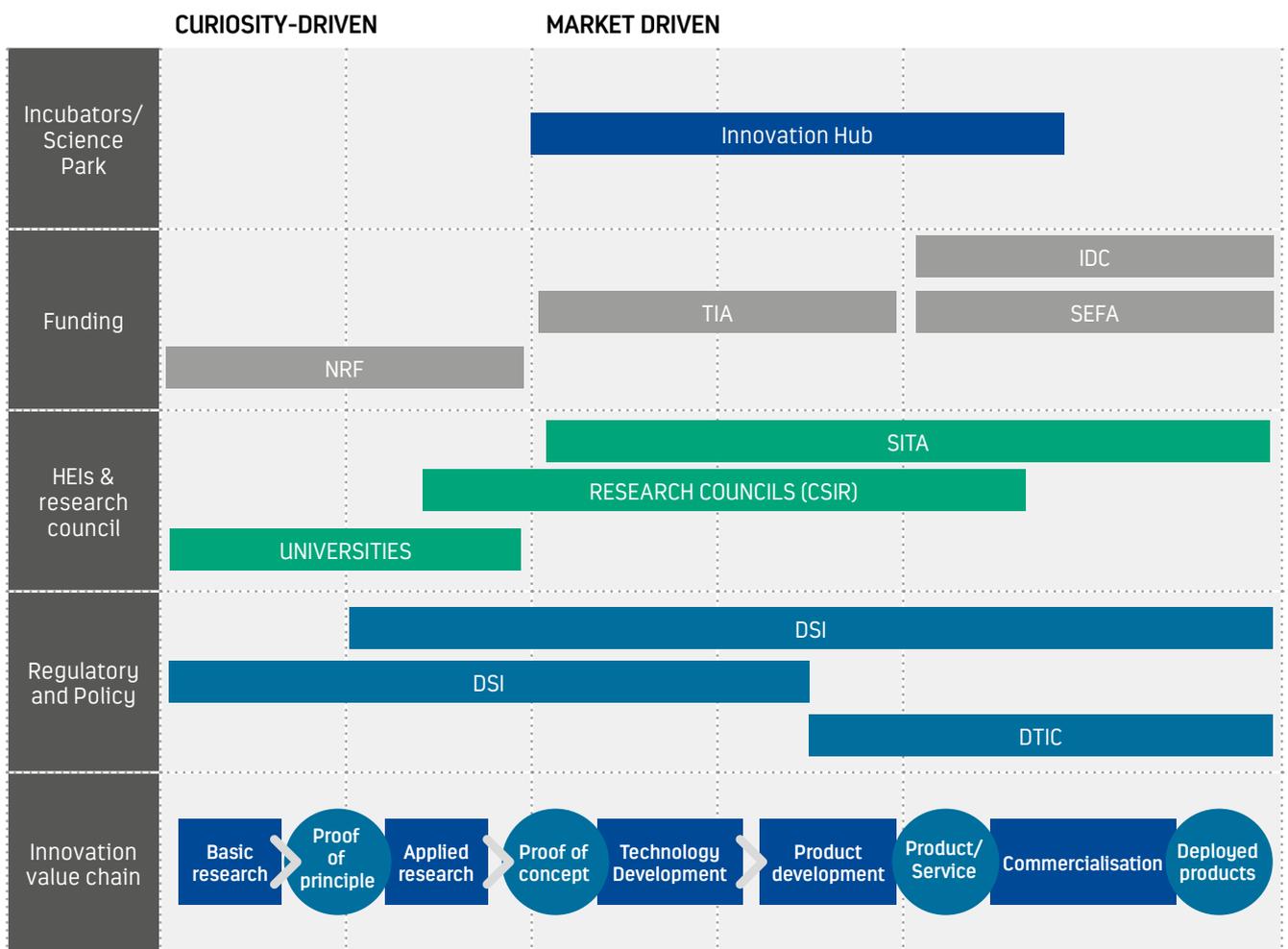
d) In partnership with pertinent stakeholders such as government institutions, higher education institutions, industry partners (including SMMEs) and the youth, SITA will direct its efforts towards:

i) applied research focusing on experimental and exploratory research with a view to developing ICT products and services and business models aimed at digitally transforming the provisioning of public services;

ii) collaborating on R&I initiatives with industry, academia, the youth and other state agencies to identify and develop innovative proof-of-concepts and solutions to be deployed in government; and

iii) implementing an open innovation approach as a vehicle to source new and innovative solutions and ideas from the citizens and industry with the aim of producing locally developed solutions.

e) Research areas will be aligned to digital transformation trends such as information and cyber-security, IoT, data science, artificial intelligence and machine learning, e-Government technologies and services, cloud computing, among others. As a result, SITA and its customer will be provided with relevant research materials on topical ICT issues, as well as insights and intelligence to inform government business planning and new policy initiatives.

f) As SITA executes its R&I plan for the forthcoming year, it will also prioritise building its own highly skilled research and innovation talent pipeline while remaining open to external talent, to create national impact.

3.4.5 Customer service delivery

a) The digital age has triggered a customer service reformation, placing importance on value creation and customer experience and intelligence. The new channels and technologies open up new opportunities to build improved dialogue with customers, being informed by their expectations to increase the relevance of a company's products and services. It is thus imperative for every business to strengthen lasting relationship management with their customers beyond the initial sale.

b) SITA recognises that customer service improvement and value creation are urgent imperatives that will secure the sustainability of the agency. SITA aims to eradicate past and present service weaknesses that threaten the valued relationship with customers and stakeholders. These focus areas include the implementation of purposeful service improvement plans, the revision of SITA's service charter to align to *Batho Pele* principles, the re-skilling of SITA employees on customer value creation and entrenching a transformed culture that prioritises agility, and improving the customer experience.

3.4.6 Financial sustainability

a) Despite the disruption created by the pandemic and the tough economic climate, IT has received the larger portion of the nation's ICT spend. In addition, National Treasury(NT) has projected that the economy will grow by 3.3%, with economic activity expected to normalise by late 2023. These market conditions create significant business development opportunities for SITA, which will contribute to an improvement in cash flow and sustainability.

b) The following interventions, underscored by good governance, compliance with relevant legislation and internal controls, will be implemented to optimally to promote financial viability in the medium to long term:

i) Develop a funding model to establish key infrastructure and technology capabilities.

ii) Prioritise the resolution and mitigation against audit findings through strict internal controls to ensure an unqualified audit opinion in the short term and ultimately aim for a clean-audit opinion.
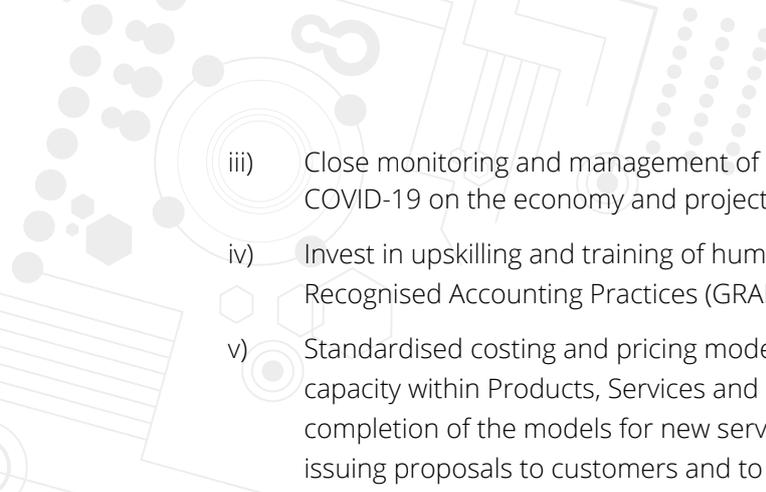
iii) Close monitoring and management of profitability and spending trends given the impact of COVID-19 on the economy and projected waves of the pandemic.

iv) Invest in upskilling and training of human resources to improve competencies in Generally Recognised Accounting Practices (GRAP) and other relevant or applicable legislation.

v) Standardised costing and pricing model templates have been implemented. The necessary capacity within Products, Services and Solutions (PSS) must be created to ensure the timely completion of the models for new services. Strengthen the role of Finance within the process of issuing proposals to customers and to improve oversight over the costing and pricing of services.

c) Intervention by the shareholder to consolidate ICT capital investment and operational budgets of the national and provincial spheres of government will enable the SOC rationalisation initiative to gain traction and create value for both SITA and government departments alike. Such an approach will ensure optimal alignment of departments' ICT expenditure to government's digital transformation roadmap and cost-effective delivery of services. This will enable SITA to grow its service footprint and secure its rightful share of the government ICT market share.

3.4.7 People and talent management

a) The disruption created by the COVID-19 pandemic and its effect on ways of working creates enormous opportunity to reconfigure the world of work and embark on an upskilling revolution that will give people the ability to participate fully in the future of work. The World Economic Forum's Future of Jobs Report 2020 indicates that half of all employees around the world will need reskilling by 2025 – and this number excludes all the people who are currently not in employment.

b) According to Gartner research, the COVID-19 pandemic has normalised remote working and raised fundamental questions about why we work the way we do. Employees have experienced a more flexible work environment and their expectations have shifted. This creates an ideal opportunity to reinvent the workplace for the digital era. Future organisational success lies in being intentional about creating sustainable working conditions that maximise employees' engagement, collaboration and productivity.

c) The new imperative of the future of work is to ensure that all workers have equal opportunities to succeed, wherever they are working from, while also treating workers fairly, especially those whose jobs offer less location flexibility. The multiple dimensions of this challenge, which leaders must address, are reflected below.

Figure 6 – Multiple dimensions of future work reinvented
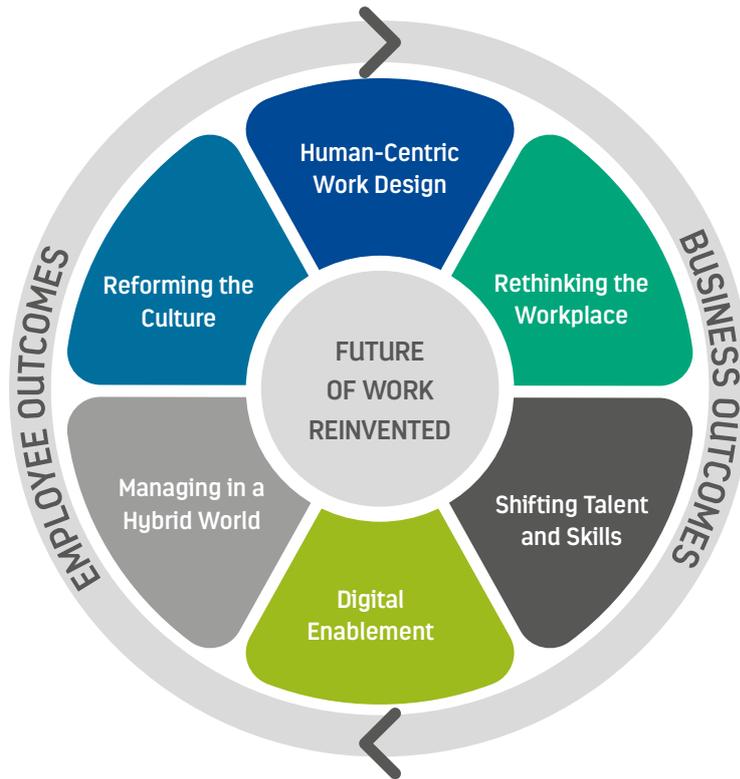
Source: Gartner

i) Human-centric work design: Boosts productivity and well-being by giving employees more control over their work and work environment.

ii) Rethinking the workplace: Creates a workplace strategy for the post-pandemic, hybrid work era.

iii) Digital enablement: Focuses on technologies and practices that will be needed to optimise hybrid work in the short-term and fuel organisational prosperity in the long-term.

iv) Reforming the culture: Addresses the impact that future of work trends may have on organisational culture.

v) Managing a hybrid world: Focuses on the new skills that leaders will need to manage employees in a hybrid work environment.

vi) Shifting talent and skills: Analyses the skills and competencies employees will need in the digital future and how enterprises can acquire or train workers in these skills.

d) SITA recognises that the COVID-19 pandemic has accelerated the need to implement an ambitious upskilling agenda because it is forced to implement digitalisation and automation at a more rapid pace. This, coupled with the profound effects of technological progress, outputs of the SITA skills audit and the assessment of the internal state of the organisation, expose some mismatches between employees' current skills and those needed for the crucial jobs at the heart of SITA's business growth. Capacity constraints, which are impeding the optimal implementation of the operating model, are also prevalent at national and regional levels, and these will require urgent interventions to ensure strategy execution. Ultimately, the aforementioned challenges have a snowball effect on customer service delivery.

e) Aligned to the focus on digitally transforming internal operations, as well as the Gartner research referenced above, the Human Capital Management (HCM) operating model will continue to enhance the digitalisation of end-to-end operations as reflected in the figure below to provide delightful customer service and efficient transactional processing to its employees.

Figure 7 – Human capital operating model

HUMAN CAPITAL SERVICES (HCS)
Deliver efficient and delightful HR services to management and employees

CENTRE OF EXPERTISE	EMPLOYEE SELF SERVICE	HR CUSTOMER AND ADMINISTRATIONS SERVICES	STRATEGIC HUMAN CAPITAL BUSINESS PARTNERS (HCBPs)	OUR CLIENTS

Centre of Expertise:
- Talent Management
- Performance Management
- OD and change expertise
- Total rewards expertise
- Employee relations

Innovative designers of methodologies and interventions that add value in business

Employee Self Service:
- Change my bank account
- Book my overtime
- Letter of employment
- Book my leave
- View my payslip

HR Customer and Administrations Services:
HC Service Centre
HC Admin
Payroll

DELIVERED BY HIGHLY SKILLED SERVICES ADVISORS AND ADMINISTRATORS WITH HR PROCESS AND POLICY KNOWLEDGE

Strategic Human Capital Business Partners (HCBPs):
- Talent Management
- Performance Management
- Change Management

Delivered by highly skilled HR Professionals with multidisciplinary skills

Our Clients:
- Access Self Service
- Receive delightful service from HCS
- Line Manager / HCBP strategic partnering

f) In addition, SITA's human capital talent management strategy will shift the agency to a new level of digital maturity and create a skilled and motivated workforce through the following interventions:

i) Prioritise employee wellness programmes to mitigate the negative impact of the COVID-19 pandemic.

ii) Implement a talent acquisition and retention plan focused on attracting and retaining critical, core and scarce business skills.

iii) Continue with the implementation of a focused skills transfer programme and succession management to address the aging workforce and the talent deficit. The organisation registered a loss of highly skilled and professionally qualified employees who made a substantive impact in core business areas, i.e. a total of 30.5% of all terminations for FY2020/21 and 56.3% for FY2021/22 YTD exited the organisation for different reasons, namely retirement, new career opportunities or early retirement.

iv) Implement a structured plan to address gender imbalances.

v) Ensure alignment of all training initiatives to the SITA corporate competency profile.

vi)   Implement a workplace skills plan that prioritises digital skills training across all levels in the organisation, including development of digital transformation leadership capabilities.

vii)   Provide a wide range of learning resources to employees through online digital platforms such as SITAVarsity and Digital Friday information sessions aimed at educating/creating awareness about a changing digital transformation landscape and best practices through industry partnerships and SITA business units.

viii)   Invest in deployment, reskilling and upskilling to equip people with the right skills for them to participate in the economy – now and in the future.

ix)   Develop a flexible staffing model to allow for the increase and decrease of resources based on customer requirements.

x)   Encourage effective performance management through managing and rewarding performance by linking employee goals to business priorities as well as a reward and recognition programme.

xi)   Implement mentoring and coaching programmes across the organisation.

xii)   Ensure implementation of succession management and employee retention strategies to capacitate the organisation with required talent.

xiii)   Continue with optimising and automating the human capital management function and processes.

xiv)   Contribute to implementing a digital and ethical culture programme.

3.4.8 Digital and ethical culture

a)   According to Gartner research, the culture of an organisation, more than business strategy, determines how the business grows and transforms, and therefore taking a "culture-first" approach to business transformation is essential to enabling a digital business. In addition, being technologically savvy warrants considering the ethical implications of how employees, customers, and others within the ecosystems are using technologies.

b)   Digital business transformation is the process of exploiting digital technologies and supporting capabilities to create a new, competitively robust, digital business model. It requires business capabilities infused with technology, leadership driving change throughout the organisation, as well as a skilled workforce that is able to change, and willing to welcome and adapt to new ways of working in a fast-changing world.

c)   Digital transformation strategy implementation often fails due to culture being *the* significant barrier that hinders transformation efforts and hence organisational performance. In particular, an assessment of the state of SITA's organisational culture reveals elements of fatigue, trauma and increased stress created by the COVID-19 pandemic. These factors inevitably translate to negatively impacting successful execution of the strategy.

d)   Therefore, SITA will continue to purposefully implement an organisational culture programme that will complement and underpin government digital transformation. The digital and ethical culture programme roadmap will focus on executing key initiatives within six areas, namely innovation practices, customer-centricity, ethical practices, rewards and recognition, employee engagement and learning and development. These initiatives are intended to produce outputs that will radically transform its existing culture to a new desired future state which will reflect the following:

i) **Trusted and respected organisation:** A SITA that successfully transforms the South African government and rewards and recognises efforts of its employees.

ii) **Learning organisation:** A SITA that attracts the best talent and ensures that its workforce is empowered and motivated, and collaborates for success.

iii) **ICT Centre of Excellence:** A SITA that is solution-orientated, offers excellent services, is innovative and tech savvy, among others.

e) Moreover, the organisational culture programme seeks to make a strong impact on SITA's pace of digital transformation, direction and business value, as well as ultimately creating value for all stakeholders and government at large.

3.4.9 Organisational structure

a) The organisational structure shown below has been shaped through the repurposing and organisational design processes and is informed by the SITA mandate, purpose and strategic outcomes as articulated in the Strategic Plan 2020-2025. The macro structure is supported by the implementation of the micro organisational design project, which is a key enabler to optimise SITA's operating model through the creation of a network of teams that are empowered and enabled by technology and driven by a shared purpose.

Figure 8 – SITA macro organisational structure
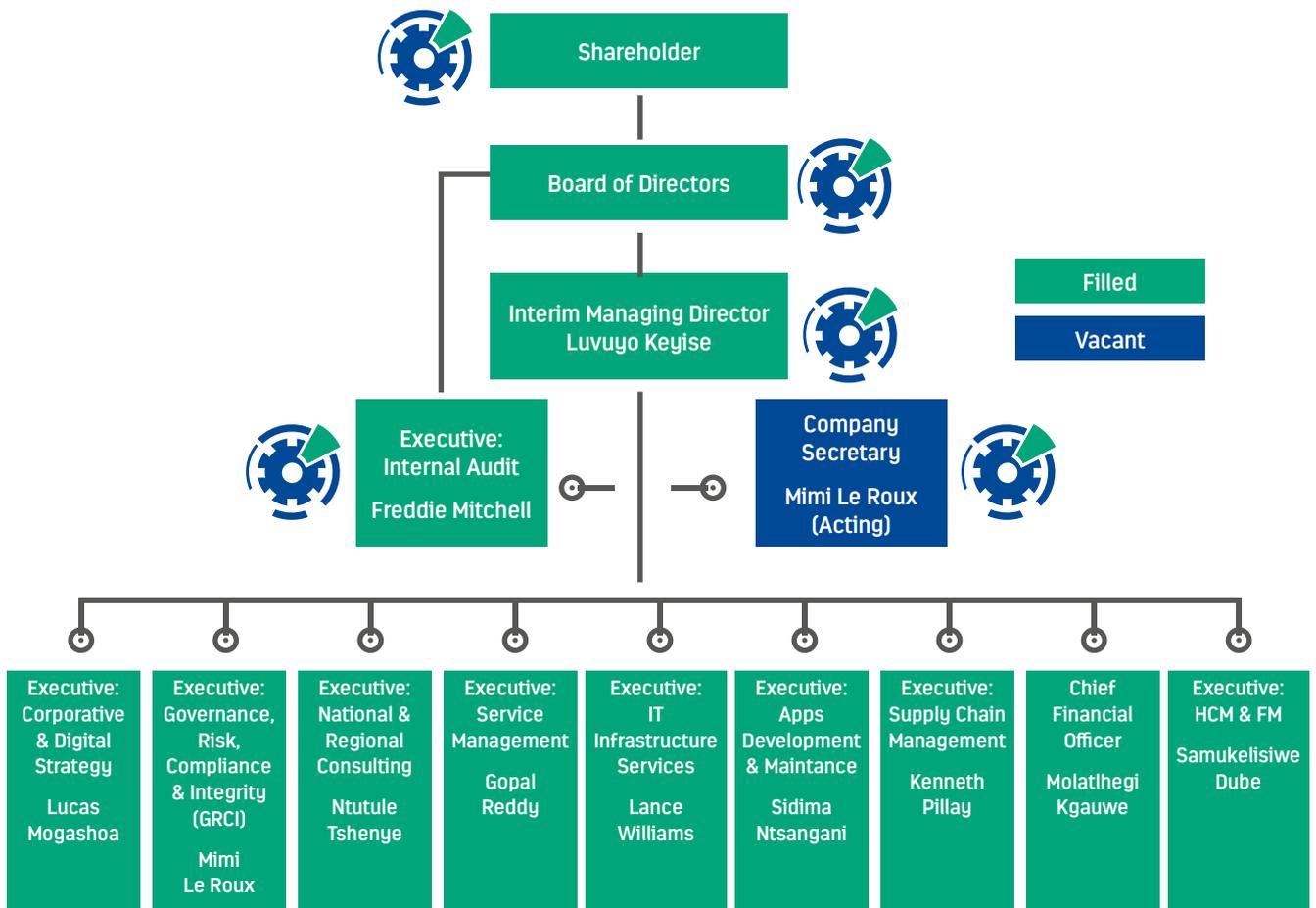
b) SITA is operating in an ever-changing, complex and unpredictable environment, and the COVID-19 pandemic adds to the overall complexity and has accelerated the pace of digital transformation. This requires SITA to be an agile organisation that can adapt and ensure that it is customer-centric instead of just being focused on profits. To this end, the development of the new macro structure is underpinned by key guiding principles, namely commercial viability, customer-centricity, high performance and digital transformation.

c) The macro structure is aimed at ensuring that SITA has all the resources, capabilities and capacity required to fulfil its role as the driver of government digital transformation, thereby delivering value to government according to its mandate, as well as an improved citizen experience. It also allows for autonomy at top leadership level while supporting decentralisation of decision-making, enhanced integration of functions across the organisational value chain and greater collaboration among employees. Moreover, the structure supports the implementation of the corporate digital transformation strategy and will regularly be reviewed to ensure it fully supports the achievement of business results.

PART C

MEASURING OUR PERFORMANCE
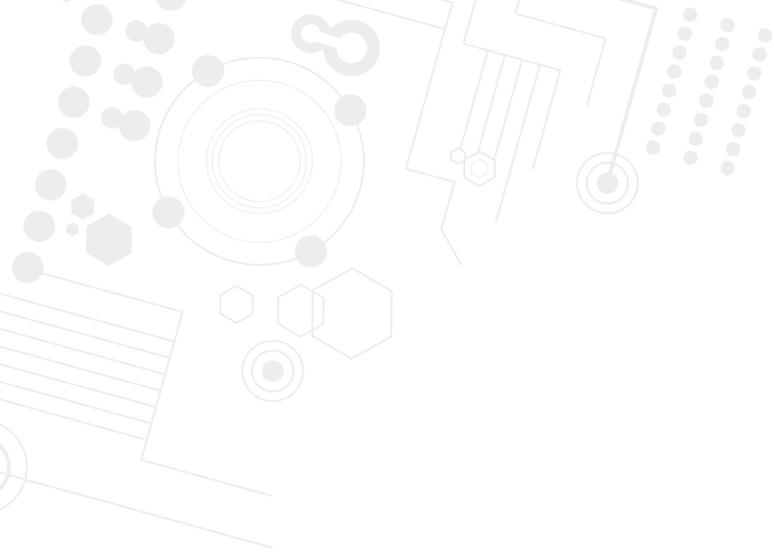
measuring our performance

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

During the upcoming medium-term period, SITA will continue to implement planned activities to enable the government's digital transformation agenda as informed by its mandate, revised Medium-Term Strategic Framework (MTSF) focus areas, shareholder outcomes and PC4IR targets. SITA has five strategic programmes which were defined in the approved SITA Strategic Plan 2020-2025, together with the impact statement and mid-term outcomes. SITA's impact statement continues to guide the organisation to execute the approved strategy and deliver on its mandate.

4.1 Impact statement

Improved citizen experience of government service delivery through digital channels and improved efficiency of government operations through the provisioning of secure and cost-effective ICT solutions, products and services.

4.2 SITA's outcomes for the period 2022-2025

OUTCOME 1: Increased citizen value through availability and accessibility of core government public-facing services on digital platforms.

OUTCOME 2: Seamless integrated and trusted public services.

OUTCOME 3: Optimised digital infrastructure.

OUTCOME 4: Enhanced workforce capability solving complex problems and adopting innovative solutions.

OUTCOME 5: Innovative digital service investments promoting financial sustainability.

OUTCOME 6: Reshaping supply chain through ICT economic transformation.

SITA will implement its planned performance for the FY2022/23 through the five organisational strategic programmes depicted in the table below.

Table 2 – Strategic programmes

Programme	1 Thought leadership and service delivery	2 Digital infrastructure	3 Skills and capacity development	4 Financial sustainability	5 Procurement and industry transformation
Purpose	To provide well researched, tested, innovative and secure solutions, products and services aimed at digitising government and improving citizens' experience of government services.	To optimise and/or build the required computing capabilities such as platforms, networks, storage, etc., to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security.	To develop, build and/or buy the required digital skills and capability to enable the strategic drive to digitise government while building a culture of performance, accountability, corruption-free and consequence management.	To ensure effective and efficient financial management and commercial awareness in investment decisions to ensure financial growth and sustainability.	To advance transformation of the ICT sector to stimulate economic growth, development of local ICT content and radically transforming the procurement capability towards the reduction of unemployment and poverty alleviation, supporting skills development and promoting fair, equitable, transparent, competitive and cost-effective procurement services.

The APP will be cascaded across the organisation and will be embedded in performance management contracts to support the successful implementation of planned initiatives. On a monthly and quarterly basis, organisational performance will be monitored and evaluated through relevant governance structures, including the implementation of appropriate remedial actions to close identified performance gaps.

5.   PROGRAMME 1: THOUGHT LEADERSHIP AND SERVICE DELIVERY

5.1   Programme purpose

The purpose of this programme is to provide well researched, tested innovative and secure solutions, and products and services aimed at digitising government to improving citizens' experience of government services.

5.2   Outcomes, outputs, performance indicators and targets

Table 3 – Programme 1 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020-2021		2022-2023	2023-2024	2024-2025
Increased citizen value through availability and accessibility of core government public-facing services on digital platforms	Core public-facing services available on digital platforms	% core public facing services available on digital platforms	-	-	-	Baseline of candidate core public-facing services for digitisation established	40% core public-facing services available on digital platforms	70% core public-facing services available on digital platforms	100% core public-facing services available on digital platforms
	Application programming interfaces (APIs) established to enable heterogenous systems to integrate	# APIs established and published in production	-	-	-	8 APIs established and published in production	20 APIs established and published in production	50 APIs established and published in production	70 APIs established and published in production
	Artificial intelligence and/or IoT use cases deployed through the integration of government data and systems	# artificial intelligence and/or IoT use cases deployed through the integration of government data and systems	-	-	1 big data analytics use case deployed through the integration of government data and systems	4 big data analytics use cases deployed through the integration of government data and systems	4 artificial intelligence and/or IoT use cases deployed through the integration of government data and systems	10 artificial intelligence and/or IoT use cases deployed through the integration of government data and systems	12 artificial intelligence and/or IoT use cases deployed through the integration of government data and systems

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020-2021		2022-2023	2023-2024	2024-2025
	Modernisation of legacy systems	% legacy systems modernisation plan implemented as per allocated funding	-	-	-	-	100% milestones implemented for the legacy systems modernisation plan as per allocated funding	100% milestones implemented for the legacy systems modernisation plan as per allocated funding	100% milestones implemented for the legacy systems modernisation plan as per allocated funding
Seamless integrated and trusted public services	Open innovation solutions commercialised	# open innovation solutions commercialised	-	-	2 open innovation solutions commercialised	2 open innovation solutions commercialised	3 open innovation solutions commercialised	4 open innovation solutions commercialised	5 open innovation solutions commercialised
	Customer satisfaction level improvement	% customer satisfaction level	-	-	-	-	Attain 60% customer satisfaction level	Attain 70% customer satisfaction level	Attain 80% customer satisfaction level

5.3 Output indicators: Annual and quarterly targets

Table 4 – Programme 1 quarterly targets

Output indicator	Annual target 2022-2023	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% core public-facing services available on digital platforms	40% core public-facing services available on digital platforms	Solution architecture for candidate services approved	15% core public-facing services available on digital platforms	30% core public-facing services available on digital platforms	40% core public-facing services available on digital platforms
# APIs established and published in production	20 APIs established and published in production	API architecture for candidate APIs approved	5 APIs established and published in production	10 APIs established and published in production	20 APIs established and published in production
# artificial intelligence and/or IoT use cases deployed through the integration of government data and systems	4 artificial intelligence and/or IoT use cases deployed (in production) through the integration of government data and systems	Solution architecture for 2 artificial intelligence and/or IoT use cases approved	2 artificial intelligence and/or IoT use cases deployed in production	Solution architecture for another 2 artificial intelligence and/or IoT use cases approved	4 artificial intelligence and/or IoT use cases deployed (in production) through the integration of government data and systems
% legacy systems modernisation plan implemented as per allocated funding	100% milestones implemented for the legacy systems modernisation plan as per allocated funding	25% milestones implemented for the legacy systems modernisation plan as per allocated funding	50% milestones implemented for the legacy systems modernisation plan as per allocated funding	75% milestones implemented for the legacy systems modernisation plan as per allocated funding	100% milestones implemented for the legacy systems modernisation plan as per allocated funding
# open innovation solutions commercialised	3 open innovation solutions commercialised	Open innovation solution commercialisation implementation plan developed	1 open innovation solution commercialised	2 open innovation solutions commercialised	3 open innovation solutions commercialised
% customer satisfaction level	Attain 60% customer satisfaction level	20% implementation of service improvement plan	50% implementation of the service improvement plan aligned to baseline survey	100% implementation of the service improvement plan aligned to baseline survey	Attain 60% customer satisfaction level

5.4   Explanation of planned performance

a)   The outputs of programme 1 are intended to contribute to the achievement of the following outcomes defined in the SITA Strategic Plan:

   i)   Outcome 1: Increased citizen value through availability and accessibility of core government public-facing services on digital platforms.

   ii)   Outcome 2: Seamless integrated and trusted public services.

b)   The outputs are also aimed at supporting the shareholder's strategic outcome, namely "develop, manage and oversee the digital transformation strategies and policies by enabling digital economy and services". SITA's implementation support will enable the achievement of the e-Government strategy and roadmap and accessibility of government services online.

c)   Aligned to the increasing needs of government and citizens to consume digital services, as well as the high penetration of mobile and smart digital devices in communities, increasing the availability of public-facing services on digital platforms will radically improve government-to-citizen or citizen-to-government processes and interactions. This will result in a shift from processes that are manual, complex, costly and inconvenient to those that are responsive, seamless and agile, thereby delivering 24/7 public services to South African citizens. The overall benefits will include establishing government as a digital organisation, reducing costs of accessing and consuming government services and improving citizen partcipation and experience while also improving trust levels of government.

d)   APIs will enable government to securely exchange information intra-departmentally, inter-departmentally, and between government and the external ecosystem, thereby overcoming silos and promoting the integration of data and interoperable systems.

e)   The modernisation of government legacy systems will address challenges of old technologies, namely lack of maintainance and support, high costs, hindrances to integration, limited or non-existent skilled human capacity and easy targets for cyber-attacks. A multistakeholder approach will be implemented to ensure buy-in and secure funding to enable the modernisation programme. An audit of the current systems and technology has been commissioned to determine the scope and prioritisation of the modernisation efforts. The modernisation programme will be implemented through a phased approach, with SITA taking a leading role in the modernisation of transversal systems and overseeing the updates of department specific systems and applications.

f)   SITA will also work with SMMEs to commercialise innovative solutions, thereby unlocking opportunities for SMMEs, assisting them to grow their businesses into larger entities in alignment to government's agenda for economic transformation. SITA has initiated the process to remedy the current legislative hindrances regarding effective collaboration with SMMEs to develop and commercialise innovative solutions for government.

g)   In response to customer pain points, SITA will prioritise targeted customer service improvement interventions to provide an overall improved service delivery experience through strengthening its consulting capacity and implementing supply chain management reforms. These interventions will address the top challenges experienced by customers through the implementation of improvement plans. SITA will continuously work with customers to understand business needs and issues, and collaborate to improve service delivery. SITA will ensure that the Batho Pele principles are continuously guiding service delivery.

6. PROGRAMME 2: DIGITAL INFRASTRUCTURE

6.1 Programme purpose

The purpose of this programme is to optimise and/or build the required computing capabilities such as platforms, networks, storage, etc. to enable the provisioning of digital services and solutions at increased availability, flexibility, scalability, predictability and security.

6.2 Outcomes, outputs, performance indicators and targets

Table 5 – Programme 2 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020-2021		2022-2023	2023-2024	2024-2025
Optimised digital infrastructure	Broadband services to connected sites	% provision of broadband services to connected sites sustained[1]	270 SA Connect sites connected as per the Government Order (GO)	126.9% of SA Connect sites connected at bandwidths of 10 Mbps as per the GO	100% SA Connect sites connected at bandwidths of 10 Mbps as per GO (layer-3 connectivity	100% of SA Connect sites connected as per the GO (layer 3 connectivity)	100% provision of broadband services to connected sites sustained[2]	100% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained
	Establishment and operationalisation of the SDN capability	% implementation of planned remediation to address core network single point of failure on SITA core equipment	-	-	69.20% implementation of the planned activities for the SDN capability	75% implementation of planned remediation to address core network single point of failure on SITA core equipment	100% implementation of planned remediation to address core network single point of failure on SITA core equipment[3]	SDN capability rollout to customer	SDN capability rollout to customer

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[1] Output, output indicator and related targets have been revised to align to the DCDT revised implementation model for SA Connect.

[2] Achievement of this target is dependent on Broadband Infraco (BBI) completing and sustaining connectivity at layer 2 (i.e. all sites tested and functional as per the open systems interconnection levels).

[3] The focus for FY2022/23 is on the finalisation of the establishment and operationalisation of the SDN capability for customer consumption. The target for customer consumption for FY2023-2025 will be led by the Executive: National and Provincial Consulting. The technical indicator descriptor will be revised accordingly in the subsequent APP. The 100% target is baselined from the previous year as this is a multi-year project.

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020-2021		2022-2023	2023-2024	2024-2025
	Modernise data centre facilities	% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	-	-	Complete the following upgrades in line with Tier III requirement: ▪ Uninterruptible power supply (UPS) – not completed ▪ Fire suppression – not completed ▪ Access control systems – not completed	40% strategic data centre facilities upgrades completed to support hyperscale infrastructure requirements	100% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	100% completion of phase 3 data centre modernisation plan to support hyperscale infrastructure requirements	Tier III certification
	SOCC established and operationalised for SITA Virtual Private Networks (VPNs)	% implementation of SOCC on all SITA VPNs	-	-	-	100% implementation of SOCC on SITA VPNs	100% implementation of planned milestones for SOCC on all SITA VPNs	100% implementation of planned milestones for SOCC for targeted customers	100% implementation of planned milestones for SOCC for targeted customers

6.3 Output indicators: Annual and quarterly targets

Table 6 – Programme 2 quarterly targets

Output indicator	Annual target 2022-2023	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained	100% provision of broadband services to connected sites sustained
% implementation of planned remediation to address core network single point of failure on SITA core equipment	100% implementation of planned remediation to address core network single point of failure on SITA core equipment	60% implementation of planned remediation to address core network single point of failure on SITA core equipment [4]	75% implementation of planned remediation to address core network single point of failure on SITA core equipment	85% implementation of planned remediation to address core network single point of failure on SITA core equipment	100% implementation of planned remediation to address core network single point of failure on SITA core equipment
% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	100% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	20% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	40% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	80% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements	100% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements
% implementation of SOCC on all SITA VPNs	100% implementation of planned milestones for SOCC on all SITA VPNs	25% implementation of planned milestones for SOCC on all SITA VPNs	50% implementation of planned milestones for SOCC on all SITA VPNs	75% implementation of planned milestones for SOCC on all SITA VPNs	100% implementation of planned milestones for SOCC on all SITA VPNs

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[4] The baseline is the 50% implementation output envisaged from the previous financial year (FY2021/22). This is continuation of a multi-year project.

6.4 Explanation of planned performance

a) The outputs of programme 2 are intended to contribute to the achievement of the following outcomes on the SITA Strategic Plan:

    i) Outcome 3: Optimised digital infrastructure.

    ii) Outcome 5: Innovative digital service investments promoting financial sustainability.

b) The outputs are also aimed at supporting the shareholder's strategic outcome, namely "increased success to secure digital infrastructure and services". SITA's implementation support will enable the achievement of revised SA Connect model, hyperscale data centres and cyber-security.

c) SITA will be instrumental in supporting the South African Government's Economic Reconstruction and Recovery Plan, specifically regarding the growth of the digital economy by improving digital access through the SA Connect programme, which is intended to expedite the rollout of broadband infrastructure and prevent a widening divide. SITA will also continue to invest in an SDN modernisation programme to address its aging core network infrastructure thereby ensuring that the government network is more agile and flexible while enabling the network to be intelligently and centrally controlled with improved network performance and monitoring.

d) SITA will modernise its strategic data centres and rationalise non-strategic switching and data centres to enable secure availability and accessibility of government data. Importantly, SITA will focus on cyber-security to enhance the security and resiliency of IT systems and continually safeguard both governments' and citizens' data, as well as support uninterrupted critical public services.

7. PROGRAMME 3: SKILLS AND CAPABILITY DEVELOPMENT

7.1 Programme purpose

The purpose of this programme is to develop, build and/or buy the required digital skills and capability to enable the strategic drive to digitise government while building a culture of performance, accountability, corruption-free and consequence management.

7.2 Outcomes, outputs, performance indicators and targets

Table 7 – Programme 3 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020 -2021		2022-2023	2023-2024	2024-2025
Enhanced workforce capability solving complex problems and adopting innovative solutions	Employees trained against the workplace skills plan (WSP)	% of employees trained against the WSP	-	79.5% of employees trained against the WSP	81% of employees trained against the WSP	70% of employees trained against the WSP	75% of employees trained against the WSP	80% of employees trained against the WSP	85% of employees trained against the WSP
	100% implementation of culture plan	% implementation of milestones as per culture plan	-	-	54.34% implementation of planned activities as per the culture plan	100% of milestones achieved as per the culture plan	100% implementation of milestones as per culture plan	Conduct culture survey (improvement on baseline)	Conduct culture survey (improvement on 2023/24 survey)

7.3 Output indicators: Annual and quarterly targets

Table 8 – Programme 3 quarterly targets

Output indicator	Annual target 2022-2023	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of employees trained against the WSP	75% of employees trained against the WSP	Annual WSP approved by Exco	20% of employees trained against the WSP	40% of employees trained against the WSP	75% of employees trained against the WSP
% milestones achieved as per the culture plan	100% of milestones achieved as per the culture plan	25% implementation of milestones as per culture plan	50% implementation of milestones as per culture plan	75% implementation of milestones as per culture plan	100% implementation of milestones as per culture plan

7.4 Explanation of planned performance

a) The outputs of programme 3 are intended to contribute to the achievement of the following outcome on the SITA Strategic Plan: Outcome 4: Enhanced workforce capability solving complex problems and adopting innovative solutions.

b) As the pace of digital transformation accelerates and the competition for scarce skills becomes more severe, SITA will continue to accelerate its skills development through the implementation of its WSP, thereby building a digitally-capable workforce in line with the organisational digital transformation ambition. The WSP process is an annual process to enable the development of sector-specific (digital) and organisational focused skills. The target is therefore strategic to support the achievement of the required skills development year-on-year.

8. PROGRAMME 4: FINANCIAL SUSTAINABILITY

8.1 Programme purpose

The purpose of this programme is to ensure effective and efficient financial management and commercial awareness in investment decisions to ensure financial growth and sustainability.

8.2 Outcomes, outputs, performance indicators and targets

Table 9 – Programme 4 performance indicators and medium-term targets

| Outcomes | Outputs | Output indicators | Audited/actual performance | | | Estimated performance 2021-2022 | Medium-term targets | | |
			2018-2019	2019-2020	2020 -2021		2022-2023	2023-2024	2024-2025
Innovative digital service investments promoting financial sustainability	Improved profitability	# EBITDA	R48.3m (EBIT)	R245.7m (EBIT)	R454.8m	R42.2m	R327m	R378m	R428m
		% net collection rate	80% net collection rate	87% net collection rate	85.40% net collection rate	80% net collection rate	80% net collection rate	80% net collection rate	85% net collection rate
	Achieve growth in revenue	% growth in revenue	-	-	-6.2% increase in government market share on designated services (redefined baseline based on SITA's 2019/20 service portfolio in scope)	10% growth in revenue related to designated services (defined baseline based on SITA's 2020/21 service portfolio in scope)	10% growth in revenue related to designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)	10% growth in revenue related to designated services (defined baseline based on SITA's 2022/23 service portfolio in scope)	10% growth in revenue related to designated services (defined baseline based on SITA's 2023/24 service portfolio in scope)

8.3 Output indicators: Annual and quarterly targets

Table 10 – Programme 4 quarterly targets

Output indicator	Annual target 2022-2023	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
# EBITDA	R327m	R32.8m	R98.4m	R196.8m	R327m
% net collection rate	80% net collection rate	-	60% net collection rate	70% net collection rate	80% net collection rate
% growth in revenue	10% growth in revenue related to designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)	-	-	-	10% growth in revenue related to designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)

8.4 Explanation of planned performance

a) The outputs of programme 4 are intended to contribute to the achievement of the following outcome on the SITA Strategic Plan: Outcome 4: Innovative digital service investments promoting financial sustainability.

b) As SITA continues to operate in a highly volatile environment complicated by the impacts of the COVID-19 pandemic, it will manage its operations in line with sound governance principles and controls to remain financially viable and sustain its business operations. It will implement mechanisms to prudently manage its financial resources, minimise debt, grow new revenue streams and strengthen its cash flows thereby funding large CAPEX projects such as its infrastructure modernisation drive, which is crucial for government digital transformation and which in turn will yield returns to further strengthen its financial position.

9.1 Programme purpose

The purpose of this programme is to advance transformation of the ICT sector to stimulate economic growth, development of local ICT content and radically transforming the procurement capability towards the reduction of unemployment and poverty alleviation, supporting skills development and promoting fair, equitable, transparent and competitive and cost-effective procurement services.

9.2 Outcomes, outputs, performance indicators and targets

Table 11 – Programme 5 performance indicators and medium-term targets

Outcomes	Outputs	Output indicators	Audited/actual performance			Estimated performance 2021-2022	Medium-term targets		
			2018-2019	2019-2020	2020-2021		2022-2023	2023-2024	2024-2025
Reshaping supply chain through ICT economic transformation	Procurement awards completed within targeted turnaround times	% procurement awards completed within targeted turnaround times	33.9% tender awards completed within the targeted turnaround time	27.04% tender awards completed within targeted turnaround times	56.50% procurement awards completed within targeted turnaround times	80% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times	98% procurement awards completed within targeted turnaround times	98% procurement awards completed within targeted turnaround times
	Concluded transversal and panel contracts/ framework agreements	# transversal and panel contracts/ framework agreements implemented	-	-	5 transversal contracts implemented	10 transversal and panel contracts/ framework agreements implemented	15 transversal and panel contracts/ framework agreements implemented, renewed, refreshed and managed	20 transversal and panel contracts/ framework agreements implemented, renewed, refreshed and managed	50 transversal and panel contracts/ framework agreements implemented
	Increased acquisition spend through black SMME entities on influenceable spend	% acquisition spend through black SMME entities on influenceable spend	19.84% acquisition spend through SMME entities	9.71% acquisition spend through SMME entities	40.67% acquisition spend through black SMME entities on influenceable spend	40% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend	55% acquisition spend through black SMME entities on influenceable spend	60% acquisition spend through black SMME entities on influenceable spend

9.3 Output indicators: Annual and quarterly targets

Table 12 – Programme 5 quarterly targets

Output indicator	Annual target 2022-2023	Quarterly targets			
		Quarter 1	Quarter 2	Quarter 3	Quarter 4
% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times	90% procurement awards completed within targeted turnaround times
# transversal and panel contracts/framework agreements implemented	15 transversal and panel contracts/framework agreements implemented, renewed, refreshed and managed	2 transversal and panel contracts/framework agreements implemented, renewed, refreshed and managed	7 transversal and panel contracts/framework agreements implemented, renewed, refreshed and managed	12 transversal and panel contracts/framework agreements implemented, renewed, refreshed and managed	15 transversal and panel contracts/framework agreements implemented, renewed, refreshed and managed
% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend	50% acquisition spend through black SMME entities on influenceable spend

9.4 Explanation of planned performance

a) The outputs of programme 5 are intended to contribute to the achievement of the following outcome on the SITA Strategic Plan: Outcome 6: Reshaping the supply chain through ICT economic transformation.

b) The outputs are also aimed at supporting the shareholder's strategic outcomes, namely "develop, manage and oversee the digital transformation strategies and policies by enabling digital economy and services as well as develop and enable telecommunication services through policy development and initiatives to achieve universal and affordable access to connectivity whilst promoting SMME innovation in the provision of services and products that stimulate South Africa competitiveness".

c) SITA's implementation support will enable the achievement of the ICT SMME strategy, which is aimed at supporting local innovation.

d) In order to optimally deliver on its service delivery mandate, SITA will implement strategies to alleviate long procurement turnaround times by reducing the number of open transactions, prioritising and tracking of critical requests and increasing organs of state's ICT service satisfaction and ultimately the satisfaction levels of citizens of South Africa. In addition, mechanisms such as additional transversal and panel contracts/framework agreements will be implemented to expedite the delivery of repetitive ICT requirements across government, streamline procurement of common goods and services, shorten lead times, leverage economies of scale and reduce costs to government and uplift previously marginalised sectors.

10. FINANCIAL RESOURCES

10.1 Overview of the 2022/23 budget and MTEF estimates

10.1.1 Revenue

Revenue for FY2022/23 is estimated at R5.917 billion. This is a revenue increase of 4% compared to the forecast of the 2021/22 financial year. The increase in revenue will be achieved by the continued effort to build on business development strategies for revenue growth, harnessing more value and achieving a larger share of the current approved ICT spend. It is anticipated that the revenue growth will be achieved through the following mechanisms:

a)   Improved customer satisfaction;

b)   Maintained and improved current "STARS" products /services;

c)   Introduction of new services that respond to modern government demands;

d)   Retaining of current business/customers;

e)   Extension of full incorporation to national and provinces;

f)   Growth of business in strategic departments and provinces;

g)   Growth of business at local government level; and

h)   Focus on the Digitalisation strategic roadmap and link SITA service offerings to this end.

10.1.2 Operational expenditure

Cost of sales increased by 5.1% when compared to the 2021/2022 forecast to R4.175bn for the 2022/2023 financial year which is aligned with the concerted cost cutting measures that have been implemented.

Operating expenses (Opex) are expected to increase by 25% from a forecast of R1.387bn for the 2021/22 financial year to an estimated R1.728bn in the 2022/23 financial year. This increase is due to a greater focus on training and development of staff, once off investments for stabilising and modernising the operating environment and maintenance of buildings that need urgent attention. The increase is also as a result of the focus on improving governance and compliance, and a concerted marketing drive to encourage the promotion and use of new SITA products and services at all tiers of government.

10.1.3 EBITDA

A more concerted and defined effort in managing the components of EBITDA will enable an increase in the operating surplus which allows for more money to become available to finance capital expenditure (Capex).

10.1.4 Capital expenditure

The total capital expenditure requirement for FY2022/23 is budgeted at R750 million. However, the actual total Capex requirement far exceeds this amount. Therefore, SITA may have to consider borrowing funds as well as applying for conditional grants to meet its capital expenditure requirements. As per currently available information the allocation of capital expenditure per programme is reflected below:

Table 13 - Capital Expenditure per programme

Programme	Capex allocation
Programme 1: Thought leadership and service deliver	R65 730 000
Programme 2: Digital Infrastructure	R652 670 000
Programme 3: Skills and capability development	R31 600 000
Programme 4: Financial sustainability	-
Programme 5: Procurement and industry transformation	-
Total	**R750 000 000**

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE

Description	Audited FY 2018/19 R'000	Audited FY 2019/20 R'000	Audited FY 2020/21 R'000	Budget 21/22 R'000	Forecast 21/22 R'000	Budget 22/23 R'000
TOTAL REVENUE:	**5 027 324**	**5 121 935**	**5 767 771**	**6 202 407**	**5 669 649**	**5 917 049**
Service Revenue	4 110 910	4 428 261	4 994 558	5 688 304	5 210 872	5 402 947
Agency Revenue	916 414	693 673	773 214	514 103	458 777	514 103
TOTAL COST OF SALES:	**4 069 298**	**3 704 507**	**3 924 979**	**4 534 461**	**3 971 420**	**4 174 554**
Agency Cost of Sales	967 088	683 253	682 147	448 836	434 752	493 538
Direct Labour	1 356 518	942 195	955 799	1 161 595	1 050 182	1 039 841
Service Delivery Expenses	1 593 497	1 884 769	2 145 609	2 656 947	2 294 726	2 371 114
Direct Depreciation	152 196	194 290	141 424	267 083	191 760	270 061
Gross Margin - overall	**958 026**	**1 417 428**	**1 842 792**	**1 667 946**	**1 698 229**	**1 742 496**
Gross Margin % - overall	**23%**	**28%**	**32%**	**27%**	**30%**	**29%**
Gross Margin - services	**1 008 700**	**1 407 007**	**1 751 726**	**1 602 679**	**1 674 204**	**1 721 932**
Gross Margin % - services	**25%**	**32%**	**35%**	**28%**	**32%**	**32%**
Gross Margin - agency	**(50 674)**	**10 421**	**91 066**	**65 267**	**24 025**	**20 564**
Gross Margin % - agency	**-6%**	**2%**	**12%**	**13%**	**5%**	**4%**
OTHER INCOME	18 511	48 608	15 566	23 702	29 502	11 787
TOTAL OPERATING EXPENSES:	**1 217 770**	**1 335 276**	**1 496 662**	**1 678 586**	**1 386 706**	**1 728 226**
Indirect Labour	481 536	882 298	973 677	930 497	891 421	1 022 791
Marketing expenses	20 864	34 244	-	24 594	6 430	45 602
Indirect Depreciation	11 857	16 056	16 226	20 358	18 485	31 296
Other Indirect Costs	664 910	373 706	477 026,47	655 597	438 832	482 715
Research and Development	8 850	7 631	140	9 500	2 500	9 500
Performance Bonus	-	-	-	-	-	96 141
Training	29 754	21 340	29 591	38 039	29 038	40 182

BUDGETED STATEMENT OF FINANCIAL PERFORMANCE (CONT.)

Description	Audited FY 2018/19 R'000	Audited FY 2019/20 R'000	Audited FY 2020/21 R'000	Budget 21/22 R'000	Forecast 21/22 R'000	Budget 22/23 R'000
Operating Surplus	(241 233)	130 759	361 696	13 062	341 025	26 057
Net Finance Income	103 432	58 126	36 342	-	22 855	-
Profit Before Tax	(137 801)	188 885	398 039	13 062	363 880	26 057
Income tax payable	35 509	(137 755)	(303 145)	(3 657)	(101 886)	(7 296)
Net Profit	(102 292)	51 131	94 894	9 405	261 994	18 761

10.3   Budgeted statement of financial position

BUDGETED STATEMENT OF FINANCIAL POSITION

Description	Audited	Budget	Estimated Budget
	FY 2020/21 Audited	FY 2021/22 Budget	FY 2022/23 Estimates
	R'000	R'000	R'000
ASSETS			
CURRENT ASSETS	**3 563 438**	**3 015 767**	**2 526 227**
Cash and cash equivalents	1 853 991	1 570 744	1 148 919
Trade and other receivables	1 368 504	1 226 997	1 172 036
Income Tax receivable	127 590	119 348	100 970
Prepayments	62 847	98 678	104 302
Inventory	150 506	0	0
NON-CURRENT ASSETS	**1 634 011**	**1 721 614**	**2 080 847**
Property, plant & equipment	1 243 010	1 356 086	1 644 452
Intangible assets	391 001	365 528	436 395
Deferred tax assets	0	0	0
TOTAL ASSETS	**5 197 450**	**4 737 380**	**4 607 074**
LIABILITIES			
CURRENT LIABILITIES	**1 358 218**	**988 344**	**862 342**
Creditors	871 015	590 297	485 709
Other payables	178 428	119 427	125 338
Income received in advance	280 213	275 517	247 965
Post-retirement medical liability	1 763	1 939	2 048
Finance lease liability	25 740	0	0
Long service award benefit	1 059	1 165	1 282
Income Tax Payable	-	-	-
NON-CURRENT LIABILITIES	**348 703**	**267 976**	**261 885**
Post-retirement medical liability	113 197	92 102	101 312
Finance lease liability	41 581	0	0
Long service award benefit	10 393	11 432	12 576
Deferred tax liability	183 531	164 441	147 997
TOTAL LIABILITY	**1 706 921**	**1 256 320**	**1 124 227**
TOTAL NET ASSETS	**3 490 529**	**3 481 060**	**3 482 847**
TOTAL LIABILITIES AND EQUITIES	**5 197 450**	**4 737 380**	**4 607 074**
NET ASSETS ANALYSED AS FOLOWS			
Equity contributed	-	-	-
Non-distributable reserves	627 335	627 335	627 335
Accumulated surplus	2 844 319	2 853 725	2 855 512
	3 471 654	**3 481 060**	**3 482 847**

10.4   Budgeted cash flow statement

BUDGETED CASH FLOW STATEMENT

Description	FY 2020/21 Audited	FY 2021/22 Budget	FY 2022/23 Estimates
	R'000	R'000	R'000
Cash generated in operations	703 918	364 713	439 101
Normal taxation	(91 674)	(3 657)	(110 926)
Finance income	43 911	44 698	-
Cash from operating activities	**656 155**	**405 753**	**328 175**
Cash flows from investing activities	**(151 831)**	**(689 000)**	**(750 000)**
Cash flow from financing activities	**(1 312)**	**-**	**-**
Increase/(decrease) in cash and cash equivalents	503 013	(283 247)	(421 825)
Cash and cash equivalents beginning of year	1 350 978	1 853 991	1 570 744
Cash and cash equivalents end of year	**1 853 991**	**1 570 744**	**1 148 919**

BUDGET PER PROGRAMME

Description	Programme 1: Thought-leadership and service delivery	Programme 2: Digital infrastructure	Programme 3: Skills and capability development	Programme 4: Financial sustainability	Programme 5: Procurement & industry transformation
	R' 000	R' 000	R' 000	R' 000	R' 000
TOTAL REVENUE:	**2 400 211**	**3 516 839**	**0**	**0**	**0**
Service Revenue	2 028 457	3 374 490	0	0	0
Agency Revenue	371 754	142 348	0	0	0
TOTAL COST OF SALES:	**1 760 028**	**2 414 526**	**0**	**0**	**0**
Agency Cost of Sales	366 110	127 428	0	0	0
Direct Labour	525 931	513 909	0	0	0
Service Delivery Expenses	753 114	1 617 999	0	0	0
Direct Depreciation	114 872	155 189	0	0	0
Gross Margin - overall	**640 183**	**1 102 313**	**0**	**0**	**0**
Gross Margin % - overall	**23%**	**31%**	**0%**	**0%**	**0%**
Gross Margin - services	**634 539**	**1 087 392**	**0**	**0**	**0**
Gross Margin % - services	**31%**	**32%**	**0%**	**0%**	**0%**
Gross Margin - agency	**5 644**	**14 920**	**0**	**0**	**0**
Gross Margin % - agency	**2%**	**10%**	**0%**	**0%**	**0%**
OTHER INCOME			11 787		
TOTAL OPERATING EXPENSES:	**376 575**	**236 594**	**885 391**	**134 384**	**95 282**
Indirect Labour	283 417	124 053	433 317	109 983	72 020
Marketing expenses	514		45 085		3

BUDGET PER PROGRAMME

Description	Programme 1: Thought-leadership and service delivery R' 000	Programme 2: Digital infrastructure R' 000	Programme 3: Skills and capability development R' 000	Programme 4: Financial sustainability R' 000	Programme 5: Procurement & industry transformation R' 000
Indirect Depreciation	4 947	5 858	15 644	2 431	2 416
Other Indirect Costs	87 615	106 683	245 604	21 967	20 846
Research and Development			9 500		
Performance Bonus			96 141		
Training	82		40 100		
OPERATING SURPLUS	**263 608**	**865 719**	**(873 604)**	**(134 384)**	**(95 282)**
NET FINANCE INCOME					
PROFIT/(LOSS) BEFORE TAX	**263 608**	**865 719**	**(873 604)**	**(134 384)**	**(95 282)**
INCOME TAX PAYABLE					
NET PROFIT	**263 608**	**865 719**	**(873 604)**	**(134 384)**	**(95 282)**

11. UPDATED KEY RISKS

SITA has identified key strategic risks through its risk framework, which are supported by an embedded enterprise risk management process. The key strategic risks that may affect the realisation of the outcomes are reflected in the table below. Each risk has an accompanying mitigation plan, which is managed to ensure exposure to risk is minimised and that the planned medium-term targets are achieved.

Table 14 – Updated Key risks

Outcome	Key risk	Mitigation
Innovative digital service investments promoting financial sustainability	**Limited customer readiness:** Customer readiness, both in terms of change and funding, impairs progress with the consequence of not meeting the targeted volume of change within 12 months	a) Targeted engagement with customers through national consulting b) Transversal products targeted for modernisation, with central decision-making regarding data ownership and central funding negotiated c) Delivery of use cases to demonstrate impact and efficiency, driving customer-initiated AI projects d) Skills development to ensure both legacy and new development skills are adequate
	Poor delivery: Services cannot be delivered on existing infrastructure	a) Dedicated programme risk management by programme managers b) Develop a long-term investment plan, based on the technology roadmaps (internal and government) and asset lifecycle management c) Influence a reviewed allocation of transversal-like ICT budgets, through repurposing business case
Seamless integrated and trusted public services	**Limited change management:** Improvement areas not sufficiently supported by change management nor a cohesive programme demonstrating the improvement journey, resulting in customers' inability to acknowledge and recognise the stepped-changes implemented	a) Open communication on various customer platforms with clear roadmap of the customer improvement programmes to ensure an appreciation of the scope and timing of change b) Reinforcement of the planned initiatives, through measuring the improved customer experience as soon as possible after the remediation or launch of a new initiative

Outcome	Key risk	Mitigation
Enhanced workforce capability solving complex problems and adopting innovative solutions	**Loss of skills:** Competitive market conditions with globalisation of digital skills reduce SITA's ability to retain trained/upskilled employees	a) Retention strategies targeting direct and indirect mechanisms of retention b) Succession planning, mentoring and coaching programmes ensuring a pipeline of skills thus avoiding reliance on key individuals c) Partnership with industry to ensure digital skills in South Africa is utilised for the benefit of the country
	Unsupportive culture: General apathy and unwillingness to support and engage on change	a) Sharing vision and create trust b) Directed wellness programmes c) Support employees to rebuild performing culture, i.e. train managers in constructive discipline d) Strengthen internal controls (contract management) to prevent irregular expenditure e) Roll-out of contract lifecycle management (CLM) module f) Non-performers should be disciplined (treated as misconduct rather than redeployed)
Optimised digital infrastructure	**Limited funding:** Limited appetite for capital intensive projects with long-term, moderate return on investment, delays the implementation of infrastructure modernisation	a) Specific, phased capital investment plans, aligned with shareholder and key customer prioritisation b) Alignment of provincial and national requirements to ensure economies of scale in utilisation of new infrastructure c) Leveraging of industry capability for South African benefit
	Information security exposure: Information loss, cyber-attacks and sovereign data loss	a) Security Operating Centre implementation b) Assess and develop data governance methodology and programme to improve data classification process delivery and address compliance obligation of Protection of Protection of Personal Information Act 4 of 2013 (POPIA) c) Harden existing security layers (firewalls, patch management, application security) d) Establish transversal contracts for all information security tools e) Implement business processes for information storage and retention

Outcome	Key risk	Mitigation
Reshaping supply chain through ICT economic transformation	**Poor market response:** Limitations in regulation, as well as market responsiveness, impair the efficiency of panels and/or the effectiveness of awards, reducing the positive impact of implemented measures on the customer experience, both in terms of turnaround time and cancellations	a) Develop market intelligence capability within SCM/LOBs to encourage complete and responsive bids, limiting cancellations b) Commodity-based organisational SCM structure c) Bi-weekly engagement between Customer Operations representatives and SCM to understand customer demands and available procurement vehicles; improving on specification development d) Enhance advocacy role to assist customer with architecture planning and hence providing ICT demand plans to SCM
	Inefficient, ineffective automation: Automation tools do not provide full functionality required for highly efficient SCM processes	a) Define end-to-end procurement processes b) Remedy-9: Implement as full transaction tracker and KPI measurement tool (case management module) c) SharePoint: Implement end-to-end file plan to store procurement master file (specifications, procurement transaction records and contract records) d) Oracle Contract Management: Implement as contract life-cycle and contract authorising tool e) e-Procurement/gCommerce: Consolidate and implement as complementary digital platforms to manage both agency and internal bids

Outcome	Key risk	Mitigation

Trusted service provider with long-term financial sustainability	**Concentration risk:**
	
	Inability to service SOCs and metros through framework agreements and as an ICT service provider
		a) Implement efficient transversal/framework agreements and panels for common goods and services
		
		   i. Evaluate coverage and gaps of transversal contracts including engagement models
		
		   ii. Design new transversal contract Business Case (BC) and specification for broadband/network, end-user computing, cloud/server infrastructure, information security, IT service operations, IT services
		
		   iii. Define and implement appropriate e-Sourcing/ e-Procurement platform for transversal contracts
		
		   iv. Establish transversal contracts, load on e-Procurement platform
		
		   v. Implement/change management on how to use transversal contracts
		
		b) Digital strategy for broader government and metros
		
		c) According to Cabinet Memo 38A of 2002, Government Information Technology officers Council (GITOC) is accountable for government-wide ICT strategy; and GITOC has no authority over local/municipal matters (this is with South African Local Government Association (SALGA)); SITA may play advisory role on this
		
		d) Target specific government customers to grow market share of existing ICT spend
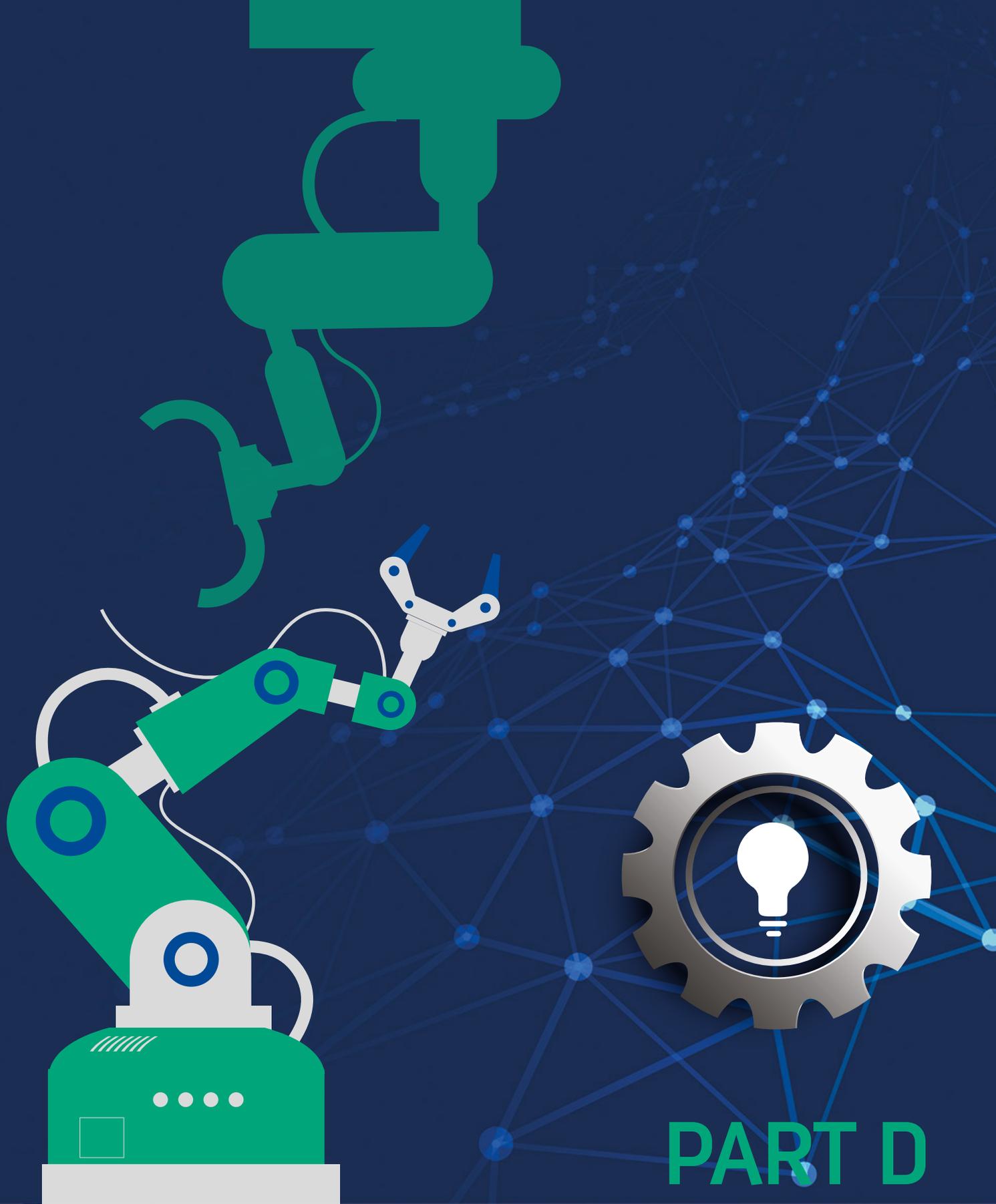
PART D
TECHNICAL
INDICATOR DESCRIPTION

12.   TECHNICAL INDICATORS

12.1   Percentage of core public-facing services available on digital platforms

Definition	**The automation of key public-facing services to ensure access and availability of these services to the citizens on digital platforms and thereby improving their experience of government service delivery**
Data/evidence source	Core public-facing services available on digital platforms
Method of calculation	Number of core public facing services available on digital platforms/baseline of candidate core public-facing services x 100%
Means of verification	Customer acceptance certificate
Assumptions	a) Approved baseline of candidate core public-facing services b) Government priorities on public-facing services are predefined for SITA to deliver on c) Citizens will have affordable access to broadband connectivity (e.g. SA Connect) d) Training and empowerment of less digitally literate communities will be prioritised
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	40% core public-facing services available on digital platforms
Indicator responsibility	Executive: Application Development and Maintenance

12.2 Number of APIs established and published in production

Definition	**APIs are capabilities and utilities that enable the ease of integration of heterogeneous systems, enabling interoperability of and ease of exchange of data between these systems**
Data/evidence source	APIs published in the production environment
Method of calculation	Number of APIs established and published in production
Means of verification	Production acceptance certificate signed in line with the approved governance process
Assumptions	a) Established government-wide data governance capability b) Reasonable change management and education on available APIs c) Availability of sound infrastructure (i.e. compute power and high-speed/ intelligent networks)
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National, provincial and local government
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	20 APIs established and published in production
Indicator responsibility	Executive: Application Development and Maintenance

12.3 Number of artificial intelligence and or IoT use cases deployed through the integration of government data and systems

Definition	**Artificial intelligence and or IoT use cases to display the outcomes of analytics derived from big data stored in the data-sharing platform**
Data/evidence source	Use cases deployed in the production environment
Method of calculation	Number of artificial intelligence and or IoT use cases deployed and in production
Means of verification	Production acceptance certificate signed in line with the approved governance process
Assumptions	a) Established government-wide data governance capability b) Reasonable change management and education on available AI and IoT capabilities c) Availability of sound infrastructure (i.e. compute power and high-speed intelligent networks)
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A

Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	4 artificial intelligence and/or IoT use cased deployed through the integration of goverment data and systems
Indicator responsibility	Executive: Application Development and Maintenance

12.4 Percentage milestones implemented for the legacy systems modernisation plan as per allocated funding

Definition	Legacy systems modernisation to ensure the availability of modern, cost-effective and fit-for-purpose technology to meet the information technology and information requirements of government
Data/evidence source	Deliverables as per legacy systems modernisation plan
Method of calculation	Actual milestones completed/planned milestones on the project plan x 100
Means of verification	Legacy systems modernisation plan milestones
Assumptions	a) The modernisation plan will be fully funded b) SITA will be primarily focusing on modernising transversal systems c) Government departments will pioneer the modernisation of department-specific legacy systems, with SITA playing a secondary and oversight role
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% milestones implemented for the legacy systems modernisation plan as per allocated funding
Indicator responsibility	Executive: Application Development and Maintenance

12.5 Number of open innovation solutions commercialised

Definition	To grow SMMEs through innovation and to drive the government transformation agenda by enabling and unlocking opportunities for procurement and innovation while building local ICT capability to enable SMMEs to develop their current solutions for government consumption
Data/evidence source	Open innovation solutions
Method of calculation	Number of open innovation solutions commercialised
Means of verification	Commercialisation certificate
Assumptions	a) SMMEs will partner with SITA to develop innovative solutions b) SITA/DCDT to influence the relaxation of regulations (PFMA – procurement)
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	3 open innovation solutions commercialised
Indicator responsibility	Executive: Corporate and Digital Strategy

12.6 Percentage customer satisfaction

Definition	To measure the percentage improvement in customer satisfaction as per identified customers, i.e. consumers of networks, hosting, End User Computing (EUC) and SCM services, thereby assessing the impact of customer service improvement plan
Data/evidence source	Customer satisfaction survey
Method of calculation	As per results of customer survey conducted
Means of verification	Customer satisfaction survey report
Assumptions	a) The preliminary assessment of improvements implemented in previous financial years will be conducted in quarter 1 b) Targeted focus for service delivery in high-impact clusters like Social and Security clusters will have a positive spill-over effect on the overall customer satisfaction improvements c) Supply chain management reforms will be implemented
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial

Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Attain 60% customer satisfaction level
Indicator responsibility	Executive: National and Regional Consulting

12.7 Percentage provision of broadband services to connected sites sustained

Definition	Provision and sustenance of broadband services to connected sites to ensure increased access to secure digital infrastructure and services
Data/evidence source	Completion certificates of connectivity sustained for identified sites
Method of calculation	Total number of sites connectivity sustained/total number of sites included in the government orders received x 100
Means of verification	Completion certificates
Assumptions	a) Government order from Government Departments will be received timeously and sites will be ready for SITA for deployment b) Note that before any site is included in the implementation plan, the following criteria must be established: i. The customer must provide a government order (GO) ii. The GO must be received before 31 October 2022 (GOs received after 31 October 2022 will be included in the FY2023/24 implementation plan) iii. The customer must make available pre-funding for the services iv. BBI must complete the layer-2 connectivity installation and hand over to SITA for all new sites timeously (one month before the end of a quarter and two months before the end of the FY)
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National, provincial and local
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% provision of broadband services to connected sites sustained
Indicator responsibility	Executive: IT Infrastructure Services

12.8 Percentage implementation of planned remediation to address core network single point of failure on SITA core equipment

Definition	A network modernisation programme to transform government network to be more agile and flexible while enabling the network to be intelligently and centrally controlled
Data/evidence source	Deliverables as per project plan
Method of calculation	Actual milestones completed/planned milestones on the project plan x 100
Means of verification	Defined project plan milestones
Assumptions	a) That FY2021/22 baseline results are at 50% at year-end performance b) Operating/functional SDN c) Sufficient funding d) Key SCM processes and approvals are concluded within timeframes to meet project objectives
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% implementation of planned remediation to address network single point of failure on SITA core equipment
Indicator responsibility	Executive: IT Infrastructure Services

12.9 Percentage completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements

Definition	The modernisation of strategic SITA data centres in line with industry standards to ensure adherence to Tier III guidelines where all government servers and applications can be rationalised and integrated to ensure digital transformation within the South African Government, and to support hyperscale data centre requirements
Data/evidence source	Deliverables as per data centre modernisation plan
Method of calculation	Annual performance = sum (% completed * weight)
Means of verification	Defined project plan milestones
Assumptions	a) SCM processes and approvals are concluded within planned timelines b) Downtimes to complete installations and commissioning are approved within planned downtimes
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	Public sector
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% completion of phase 2 data centre modernisation plan to support hyperscale infrastructure requirements
Indicator responsibility	Executive: IT Infrastructure Services

12.10 Percentage implementation of SOCC on SITA VPNs

Definition	A security modernisation programme for the South African Government, which will establish a centralised unit that deals with security issues at a technical level
Data/evidence source	Deliverables as per project plan
Method of calculation	Annual performance = sum (% completed * weight)
Means of verification	Defined project plan milestones
Assumptions	The underpinning technology partner component of SOCC bid process is successfully concluded in FY2021/22
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial

Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% implementation of SOCC on SITA VPNs
Indicator responsibility	Executive: Service Management

12.11   Percentage milestones achieved as per culture plan

Definition	**The ability of an organisation to identify and develop the required skills to meet current and future business needs**
Data/evidence source	WSP
Method of calculation	Actual number of employees trained/total number of employees as per the WSP x 100
Means of verification	a) WSP b) Training plan c) Training attendance register or training certificates
Assumptions	a) Employees will undergo digital-specific skills training b) Training will accurately address the digital-specific skills gaps identified c) Budget will be available to address training programmes, new technologies and innovations d) Internal processes will continue to enable the training of employees in line with the required skills
Disaggregation of beneficiaries (where applicable)	Target for women = Yes Target for youth = Yes Target for people with disabilities = Yes
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	75% employees trained against WSP
Indicator responsibility	Executive: Human Capital Management

12.12 Percentage of employees trained against the WSP

Definition	The ability of an organisation to train employees and ensure that skills development is biased towards digital capability
Data/evidence source	a) Approved Training Plan b) Attendance registers c) Certificates (for certification courses)
Method of calculation	# of employees assessed as digitally capable / headcount of technical divisions * 100
Means of verification	a) Skills assessment report (Skills audit)
Assumptions	a) Initiatives to be implemented as planned b) Employees and LOBs to participate in the identified initiatives c) (Budget will be available for provision of training programmes towards a 50% digitally capable workforce. d) Internal processes will continue to enable the development of employees in line with the required skills e) Technical divisions as per the current SITA structure (ADM, ITIS, SM & NRC) f) Employees to be assessed as digitally competent will include employees trained prior to the 2022/23 financial year
Disaggregation of beneficiaries (where applicable)	Target for women = Yes Target for youth = Yes Target for people with disabilities = Yes
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	50% digitally capable workforce against the headcount of technical divisions
Indicator responsibility	Executive: Human Capital Management

12.13 Percentage milestones achieved as per culture plan

Definition	**To embed a culture that consists of shared beliefs and values established by leaders and then communicated and reinforced through various methods to shape employee perceptions, behaviours and understanding**
Data/evidence source	Deliverables as per culture plan
Method of calculation	Actual milestones completed/planned milestones on the project plan x 100
Means of verification	Defined culture plan milestones
Assumptions	a) Collaboration and a common willingness to improve SITA's culture, to make a positive contribution to customers and country b) Employees are open to learning, re-learning and growing as individuals
Disaggregation of beneficiaries (where applicable)	Target for women = Yes Target for youth = Yes Target for people with disabilities = Yes
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	100% of milestones achieved as per the culture plan
Indicator responsibility	Executive: Human Capital Management

12.14 EBITDA

Definition	**EBITDA is defined as revenue minus expenses, excluding tax, depreciation, amortisation and interest. It is an indicator of a company's profitability.**
Data/evidence source	a) Quarterly financial reports b) Annual financial statements
Method of calculation	EBITDA
Means of verification	System-generated report (trial balance from ERP system)
Assumptions	Services revenue will increase, operational costs are contained
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	R327 million
Indicator responsibility	Chief Financial officer

12.15 Percentage net collection rate

Definition	This measures current year invoices due and the percentage that SITA actually collects
Data/evidence source	a) ERP system b) Monthly and quarterly financial report
Method of calculation	Receipts/total current year invoices due and receivable (excluding disputed invoices)
Means of verification	System-generated report (trial balance from ERP)
Assumptions	Customers pay SITA on time for services rendered
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	80% net collection rate
Indicator responsibility	Chief Financial officer

12.16 Percentage growth in revenue

Definition	To gauge the extent of growth in revenue relevant to SITA's service portfolio
Data/evidence source	a) 2021-2022 SITA revenue: Obtained from the SITA ERP system/general ledger b) 2022-2023 SITA revenue: Obtained from the SITA ERP system/general ledger
Method of calculation	% growth in revenue 2022-2023 = ((2022-2023 revenue minus 2021-2022 revenue) divided by 2021-2022 revenue) x 100 NOTES a) Defined baseline based on SITA's 2021-2022 service portfolio in scope. b) Revenue figures would be used as at 31 March 2023. The revenue figures would be subject to completion of AG audit. c) Accruals will be included in 2021-2022 and 2022-2023 figures while ensuring no double-dipping.
Means of verification	SITA ERP system/general ledger data
Assumptions	Not applicable
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	Not applicable

Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	10% growth in revenue related to designated services (defined baseline based on SITA's 2021/22 service portfolio in scope)
Indicator responsibility	Executive: National and Regional Consulting

12.17 Percentage of procurement awards completed within targeted turnaround times

Definition	A cumulative total number of tenders approved within the targeted turnaround time agreed with the customer (SLAs)
Data/evidence source	a) SCM tender register/report b) SCM tender SLA targets c) Proof of receipt by acquisition management d) Proof of pre-approval by Executive: SCM in event of brand-specific products e) Proof of resolution document date from relevant adjudication committee
Method of calculation	(Procurement awards approved per SLA target/total number of procurement awards approved per FY) x 100 a) It measures end-to end process from procurement acquisition management/ brand specific approval to award b) Condition: Only procurement awards completed (adjudicated) for the reporting period is part of the formula; this excludes transactions that emanated from prior years c) The days used in SCM are working days
Means of verification	Turnaround time database report
Assumptions	a) Devolvement of transactions to clients: Non-mandatory services can be procured using a sliding scale approach with effect from 1 April 2022 b) Decentralised small value SITA procurements to regions and Lines of Business (LOBs) c) Implemented new SCM operating model/structure d) Ongoing SCM technology deployment and process refinements e) Implemented predictive demand forecasting and capacity planning f) SCM does not encounter any legal constraints
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	90% of procurement awards completed within targeted turnaround times
Indicator responsibility	Executive: Supply Chain Management

12.18 Number of transversal and panel contracts/framework agreements implemented

|	
Definition	**Transversals and panel contracts and framework agreements completed within the financial year aimed at minimising individual procurement requests**
Data/evidence source	Contract register and/or signed contracts
Method of calculation	Number of transversal and panel contract/framework agreements implemented
Means of verification	Transversal/panel and framework agreements/contracts database report
Assumptions	a) SITA will implement robust technology to enable commercial contract management and performance tracking b) Manage the backlog of tenders c) Adequate capacity d) Adequate market response e) Stakeholder participation from DCDT as the custodian of transversal instruments f) No serious business disruption occurs such as severe COVID-19 pandemic restrictions
Disaggregation of beneficiaries (where applicable)	Target for women = N/A Target for youth = N/A Target for people with disabilities = N/A
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	15 transversal/panel contracts/framework agreements implemented, renewed, refreshed and managed
Indicator responsibility	Executive: Supply Chain Management

12.19 Percentage of acquisition spend through black SMME entities on influenceable spend

Definition	Acquisition spend through the use of companies classified as black SMMEs (Exempt Micro Enterprise (EME) and Qualifying Small Enterprise (QSE))
Data/evidence source	a) SCM SMME register b) Supplier database c) ERP creditor payment report d) Copies of broad-based black economic empowerment (B-BBEE) certificate for suppliers e) Contract register and subcontracting report
Method of calculation	((Black SMME_direct_spend + black SMME_indirect_spend)/available_spend) *100) a) Black SMME_direct_spend means the spend (Rand) on black SMME entities for the reporting period as reflected in the ERP creditors report b) Black SMME_indirect spend means the rand value invoiced by and paid to black SMMEs by main contractors in accordance with subcontracting clauses as stated on the contracts register and reflected in the subcontracting report c) Available spend means the total measured influenceable procurement spend (TMPS) less all OEMs, OSMs and allowable exclusions by SITA, the Department of Trade and Industry and National Treasury
Means of verification	SCM SMME database report
Assumptions	a) Certificates are valid for a period of one year b) SCM will collate supplier certificates – B-BEEE certificates collated late impact previous performance reported c) Black SMME clauses will be implemented
Disaggregation of beneficiaries (where applicable)	Target for women = Yes Target for youth = Yes Target for people with disabilities = Yes
Spatial transformation (where applicable)	National and provincial
Calculation type	Cumulative (year-to-date)
Reporting cycle	Quarterly
Desired performance	50% of acquisition spend through black SMME entities on influenceable spend
Indicator responsibility	Executive: Supply Chain Management

ANNEXURE A: ABBREVIATIONS

5G	Fifth Generation Technology Standard For Broadband Cellular Networks
4IR	Fourth Industrial Revolution
AG	Auditor General
AI	Artificial Intelligence
API	Programme Interface
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BBI	Broadband Infraco
Capex	Capital Expense
COVID-19	Coronavirus Disease 2019
DBE	Department of Basic Education
DCDT	Department of Communication and Digital Technologies
DGPE	Digital Government Platform Ecosystem
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ELIDZ	East London Industrial Development Zone
EME	Exempt Micro Enterprise
EUC	End User Computing
ERP	Enterprise Resource Planning
FY	Financial Year
GDP	Gross Domestic Product
GHS	General Household Survey

GITOC	Government Information Technology
GO	Government Order
GPCE	Government Private Cloud Ecosystem
GRAP	Generally Recognised Accounting Practices
HCM	Human Capital Management
ICT	Information and Communication Technology
IMST	Information Management System and Technology
IOC	Integrated Operations Centre
IoT	Internet-of-Things
IP	Intellectual Property
ISS	Information Security Services
IT	Information Technology
LAN	Local Area Network
LOB	Line of Business
Mbps	Megabits Per Second
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NRI	Network Readiness Index officers Council
NT	National Treasury
OEM	Original Equipment Manufacturer
OLA	Operational Level Agreement

Opex	Operating Expense
QSE	Qualifying Small Enterprise
OSM	Original Software Manufacturer
PC4IR	Presidential Commission on the 4th Industrial Revolution
POPIA	Protection of Personal Information Act
PPPFA	Preferential Procurement Policy Framework Act
PRC	Presidential Review Commission
PSS	Products, Services and Solutions
SA	South Africa
SALGA	South African Local Government Association
SAPS	South African Police Service
SCM	Supply Chain Management
SDG	Sustainable Development Goals
SDN	Software-Defined Network
SEDA	Small Enterprise Development Agency
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SOC	State-Owned Company
SOCC	Security Operation Centre Capability
SONA	State of The Nation Address

SP	Strategic Plan
SSA	State Security Agency
TMPS	Total Measured Procurement Spend
UC	Unified Communications
UIP	Unified Internet Protocol
UN	United Nations
UPS	Uninterruptible Power Supply
VPN	Virtual Private Network
Wi-Fi	Wireless Fidelity
WOAN	Wireless Open Access Network
WSP	Workplace Skills Plan

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SITA
state information technology agency