



Finance,
Services &
Innovation

Development of Procurement and Technical Standards

Program Evaluation

June 2017

www.finance.nsw.gov.au

Table of Contents

1. Executive summary
2. Program objectives
3. Evaluation approach
4. Evaluation questions
5. Key findings
6. Next steps

Executive summary

Key Findings

- Procurement and Technical Standards (PTS) were aligned with the priorities contained in the 2012 NSW ICT Strategy and continue aligned to the priorities in the new NSW Digital Government Strategy (2017)
- Discussion of PTS at PTSWG meetings will be de-emphasised in favour of a discussion of whole of government procurement issues
- PTS should be reviewed, including the consolidation or revision of PTS, with the development of guidelines/playbooks for clusters and vendors
- New PTS will be developed to support the new Digital Government Strategy
- There is an identified and ongoing need for a whole of government approach to the implementation of initiatives and projects within the ICT Policy landscape, including through the development of ICT PTS

Background – Project Description

Procurement and Technical Standards were a key initiative of the 2012 NSW Government ICT Strategy.

- Driven by the ICT Procurement and Technical Standards Working Group, the standards leveraged principles defined in the NSW Government ICT Strategy and the NSW Government Cloud Policy and Guidelines
- Procurement and Technical Standards (PTS) support the NSW ICT Service Catalogue
- From 2013, DFSI developed and published PTS
- The standards set out service definitions as minimum requirements that vendors must meet to be able to offer their services through the NSW Service Catalogue. This helps achieve consistency across service offerings, emphasising a move to as a service sourcing strategies in line with the NSW Government ICT Strategy, and it signals government procurement priorities to industry
- This standard should be applied along with existing standards, policies and guidance that make up the NSW Information Management Framework, as set out in the Information Management: A Common Approach, and including the NSW Digital Information Security Policy

2013 program objectives

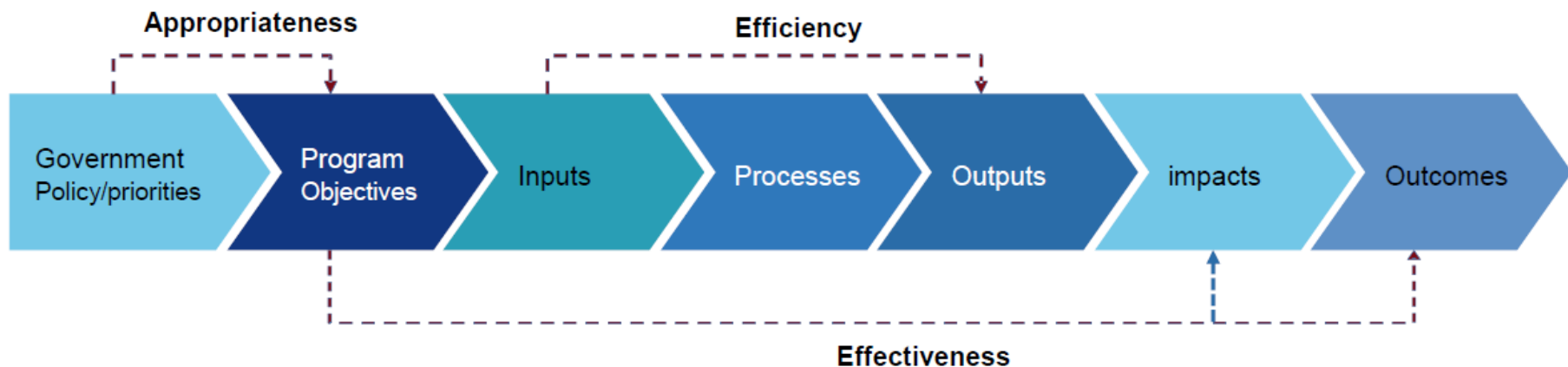
Procurement and Technical Standards Objectives

	Responsible	Accountable	Consults	Informed
A. Delivery of ICT Strategy (standards, Service Catalogue)	ICT Services/ (ICT Policy)	ICT Services/ (ICT Policy)	PTSWG Industry	Minister
B. Achieve procurement savings	Category Management	Agencies	ICT Services (ICT Policy)/PTS WG Industry	Minister
C. Increase competition	Category Management	Agencies	Category Management	Minister

ICT Services/ Category Management develop policy and documentation
PTS Sub Groups provide consultation
PTS Working Group provides technical endorsement

Evaluation approach

The evaluation of the PTS development process involved a Program Logic Model approach that was designed to address targeted evaluation questions. This report draws on three components of the Program Logic Model. The diagram identifies which component of the Program Logic Model each evaluation question addresses.



Evaluation questions

The Program objectives were evaluated by asking the following questions:

Appropriateness	Efficiency	Effectiveness
To what extent does the development of ICT Procurement and Technical Standards address an identified need?	Are ICT Procurement and Technical Standards being implemented appropriately?	To what extent has the Program achieved its objectives?
How well do ICT Procurement and Technical Standards align with government and agency priorities?	How satisfied are relevant Government stakeholders with PTS Processes	To what extent has the program addressed negative stakeholder feedback?

- These evaluation questions were posed to the Existing PTS Working Group members in a survey in late 2016/early 2017, and following discussion of the same questions at several PTSWG meetings over the same period.
- Findings from this consultation process has been incorporated into the program evaluation.

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent does the development of Procurement and Technical Standards address an identified need?

Developing whole of NSW government ICT Technical Standards was a key initiative of the *NSW Government ICT Strategy 2012*, driven by the ICT Procurement and Technical Standards Working Group.

The objectives of the Working Group included:

- review standard specifications for existing ICT contracts as they fall due for renewal;
- improve the balance between WofG aggregated procurement & an increasingly competitive environment;
- advice on standards/standardisation as new procurement arrangements for IT hardware, software and telco are developed & aligned with the ICT Strategy; and
- ensure that specifications for standards / standardisation in ICT procurement effectively address business needs and requirements for service delivery.

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent does the development of Procurement and Technical Standards address an identified need? (Continued)

A broad suite of specifications were developed by the PTSWG from 2013 onwards, with advice from technical and industry experts, to enable agencies to readily procure standardised ICT services and gain full advantage from the NSW Government's aggregated demand for goods and services.

- Standards were developed to be enduring and to not require modification as technology changed, however there was (and remains) scope to modify them through the governance arrangements if necessary.
- Standards were designed to add value, augment and be complementary to other policies. The standards leveraged principles defined in the NSW Government ICT Strategy, the NSW Government Cloud Policy and Data and Information Management guidelines. Relevant Australian standards and International standards are included in the PTS.
 - As new policies and guidelines are developed, DFSI will ensure PTS remain aligned through consultative revision and endorsement.
 - The PTS framework did not override, circumvent the responsibilities of an agency or any employee regarding the management and disposal of information, data, and assets.

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent does the development of Procurement and Technical Standards address an identified need? (Continued)

- Standards in ICT procurement were required to address WofG business requirements for service delivery
- There is an identified and ongoing need for a whole of government approach to the implementation of initiatives and projects within the ICT Policy landscape, including through the development of ICT PTS
- PTS were developed to provide agencies with the tools to develop a consistent approach to procuring ICT Services in an efficient and consistent way, eliminating duplication and overlap
- As a central agency, DFSI advises and influences the procurement behaviour of Clusters, though the use of PTS is not mandatory.

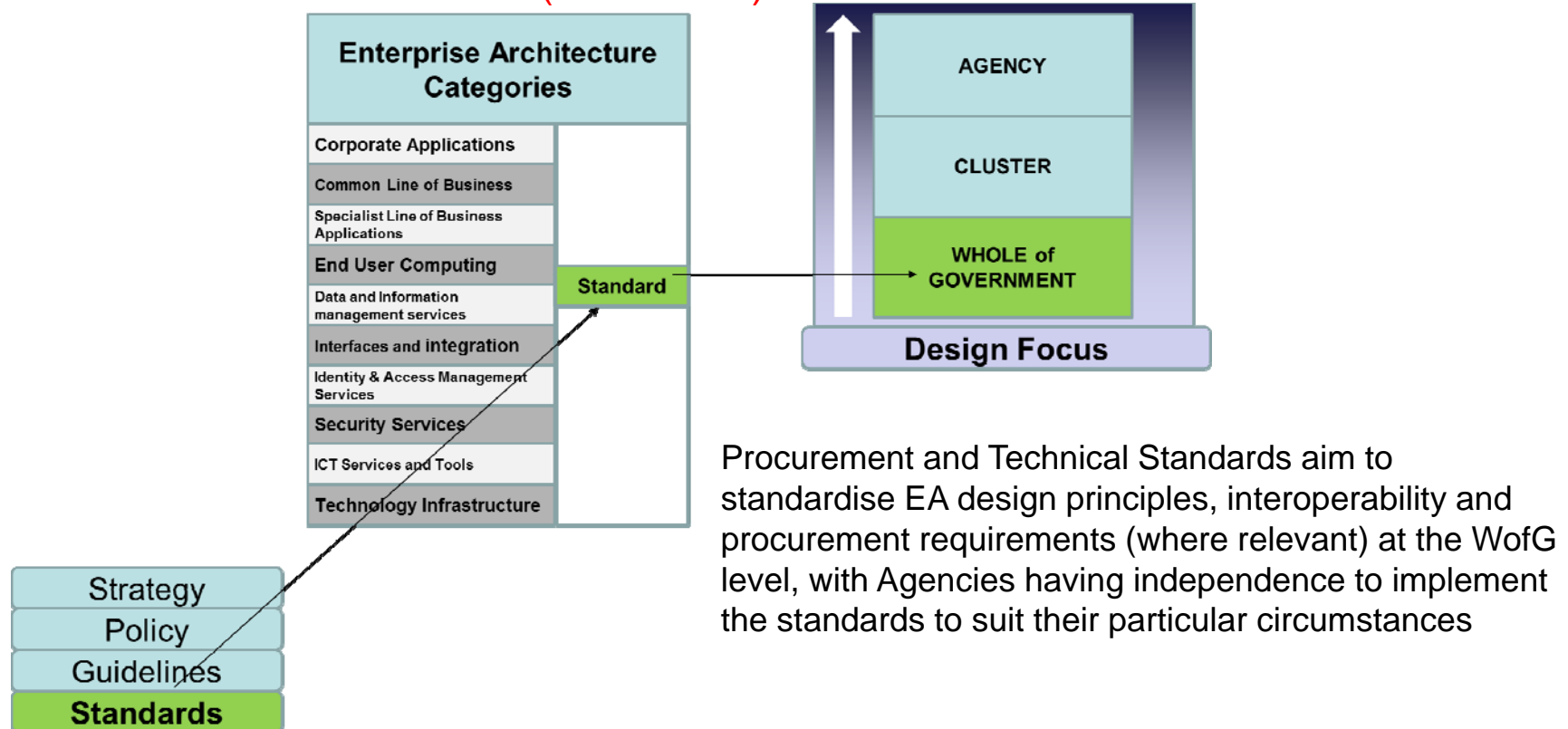
Key findings

Appropriateness

Efficiency

Effectiveness

To what extent does the development of Procurement and Technical Standards address an identified need? (Continued)



Procurement and Technical Standards aim to standardise EA design principles, interoperability and procurement requirements (where relevant) at the WofG level, with Agencies having independence to implement the standards to suit their particular circumstances

Key findings

Appropriateness

Efficiency

Effectiveness

How well do ICT Procurement and Technical Standards align with government and agency priorities?

PTS are aligned with the priorities contained in the 2012 NSW ICT Strategy, including:

- the standardisation of enterprise architecture design principles,
- increasing ICT interoperability
- the adoption of as-a-Service solutions
- implementing procurement reforms (where relevant) at the whole of government level.

In addition, agencies have the independence to implement the standards to suit their particular circumstances, enabling them to prioritise policy imperatives.

The PTS continue to align with the new Digital Government Strategy.

- The ICT Policy and Innovation Branch will ensure future alignment with the Strategy while undertaking an ongoing review of existing PTS (in 2017-18).

Key findings

Appropriateness

Efficiency

Effectiveness

How well do ICT Procurement and Technical Standards align with government and agency priorities? (Continued)

To align with the government priority to adopt more as-a-Service ICT solutions, a new category in the ICT Services Scheme (Category Q) was introduced in July 2014.

The Category Q subcategories specifically focus on the adoption of ERP as-a-Service solutions and include:

- Q01PTa: Services aligned to the NSW Standard Government Business Processes
- Q02PTr: Human Capital Management (HCM) and eRecruitment
- Q02PTi: HCM or eRecruitment Implementation Partners
- Q03PTa: Government Data Centres (GovDC) Software as a Service (SaaS)
- Q04PTa: GovDC Platform as a Service (PaaS)
- Q05PTr: Expense Management Systems (EMS) including Purchasing Cards (PCards)

Key findings

Appropriateness

Efficiency

Effectiveness

Are ICT Procurement and Technical Standards being implemented appropriately?

Since 2013, DFSI has developed several types of procurement standards –

- Procurement and Technical Standards PTS,
- Procurement Technical (Accredited) – PTA
- Procurement and Technical (Implementation) - PTI
- Procurement and Technical (Restricted) – PTR.

Key findings

Appropriateness

Efficiency

Effectiveness

Are ICT Procurement and Technical Standards being implemented appropriately? (Continued)

Procurement and Technical Standards PTS

To date, 25 PTS have been approved and published:

- Analytics and Data Warehousing Standard - 2011
- Application Programming Interfaces Standard - 2015
- Cloud Connect Broker Service Standard - 2012
- Document Management Solutions Standard - 2011
- End User Computing - 2010
- GovDC Cabling as a Service Solutions Standard - 2011
- Infrastructure as a Service Solutions Standard - 2011
- Identity Management and Authentication Standard - 2012
- ITSM Service Design Standard - 2016
- ITSM: Service Operations Standard - 2012
- ITSM Service Strategy Standard - 2016
- ITSM: Service Transition Standard - 2016
- Migration Services and Cloud Readiness Assessment Services Standard - 2011
- Mobile Device and Application Standard - 2014
- Office Automation Standard - 2012
- Personal Safety Solutions Standard - 2012
- Platform as a Service Standard - 2011
- Software Asset Management - 2010
- Telecommunications: Expense Management - 2016
- Telecommunications: Fixed Data - 2012
- Telecommunications: IP Services - 2016
- Telecommunications: Internet - 2012
- Telecommunications: Mobility - 2012
- Telecommunications: SIP - 2012
- Telecommunications: WiFi Standard - 2011

Key findings

Appropriateness

Efficiency

Effectiveness

Are ICT Procurement and Technical Standards being implemented appropriately? (Continued)

To date, one **Procurement & Technical (Implementation)** – PTi has been approved and published:

Q02PTi HCM or eRecruitment Implementation Partners

8 Procurement & Technical (Accredited) – PTa have been approved and published

C03PTa GovDC Software as a Service (SaaS)

C04PTa GovDC Platform as a Service (PaaS)

C05PTa GovDC Infrastructure as a Service (IaaS)

C06PTa Migration Services and Cloud Readiness

Q01PTa Services Aligned to NSW Government Standard Business Processes

Q03PTa GovDC Software as a Service (SaaS)

Q04PTa GovDC Platform as a Service (PaaS)

Q05PTa Expense Management Systems (EMS) including Purchasing Cards (PCards)

2 Procurement and Technical (Restricted) – PTr have been approved and published:

C07PTr GovDC Data Centre Cabling as a Service

Q02PTr Human Capital Management (HCM) and eRecruitment

Key findings

Appropriateness

Efficiency

Effectiveness

Are ICT Procurement and Technical Standards being implemented appropriately? (Continued)

The number of vendors registered under each PTS varies, from 70 vendors (Migration Services and Cloud Readiness Assessment Services Standard) to 2 (Telco Mobility Standard).

The process of developing the PTS was endorsed by the PTSWG in 2013, and ensured industry and government stakeholders were properly engaged. A PTS mailbox and ongoing liaison with relevant DFSI staff ensured any issues with the PTS were addressed.

Following a preliminary review by the ICT Policy and Category Management teams, there are difficulties identified in assessing the number and value of contracts signed using PTS and the related ICT Services Catalogue, and the level of engagement amongst Clusters and Vendors (eg: no reporting mechanism to show utilisation of PTS/services procured).

Key findings

Appropriateness

Efficiency

Effectiveness

How satisfied are relevant Government stakeholders with PTS Processes?

As part of ongoing updating and improvement of business processes, PTSWG members were sent a survey in January 2017 seeking feedback on the effectiveness of the working group. Common themes included:

- A good collaboration and networking opportunity was not being fully utilised
- There should be greater focus on procurement rather than technical issues
- Membership should be reviewed to ensure the right participants are in attendance.

There was consensus that discussion of PTS should be de-emphasised in favour of a focus on procurement issues and leveraging the buying power of government to deliver procurement savings.

The PTSWG ToR were revised, based on the feedback contained in the survey, and endorsed by the IDLG in March 2017. The next PTSWG is scheduled for June 2017.

As part of the Category Management review into PTS, Category Management will explore the viability of a Community of Practice being created to provide cross-agency support for the development of PTS and facilitate knowledge sharing amongst Clusters.

** NOTE: 'Key Stakeholders' / Government Stakeholders = current and previous members of the PTS Working Group and associated sub groups, contacted via a survey and consulted during Working Group Meetings.*

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent has the Program achieved its objectives?

- Since 2012 over 224 unique suppliers have been registered under a PTS, Pti, PTr and PTa Standard to deliver services using the ICT Services Catalogue
- In addition, the PTSWG, PTS Telco and PTS Services working groups met regularly over the evaluation period, reviewing contracts, and fulfilling the functions of their respective ToR

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent has the Program achieved its objectives? (Continued)

Growth in procurement of as-a-Service and hybrid as-a-Service

Since the launch of the NSW ICT Strategy in 2012, the percentage of ICT services delivered 'as a Service or hybrid as a Service has grown considerably. The 2015-16 ICT Metrics Report identified the following aaS insights:

- Based on an analysis of major ICT projects identified in 2012–13, as-a-service or hybrid cloud was being used in 34% of projects, and in 2015–16 in 72% of projects
- In 2015-16 the proportion ICT services spend on 'as-a-service' is 63% (up from approximately 35% last year)
- ICT project and development roles are increasingly outsourced (especially in development & programming 53%, and business process analysis & design 41%), reflecting both the transformational nature of projects and a shift to as-a-service orientations
- ICT outsourcing continues to increase from \$375 to \$426 million (2014-15 to 2015-16), with 63% of this as-a-service

The creation of Category Q (and the related PTa, PTi and PTr) and the PTs, all of which are focussed on the procurement of as-a-Service ICT services has supported the implementation and growth of as-a-Service ICT across government and the operational and capital expenditure savings that have resulted

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent has the Program achieved its objectives? (Continued)

Savings from PTS-related Software Asset Management activities

The development of PTS for Software Asset Management (SAM) has provided true value for agencies and will eventually for whole of government through further adoption and implementation

- Agencies are able to select government endorsed suppliers with appropriate SAM skills and capability
- Suppliers are selected by agencies to implement SAM and value is already being realised
- TfNSW, Department of Industry, NSW Police and Health are the first agencies making great progress as SAM is starting to provide visibility to software deployed within the agency environment

Developing the PTS for SAM is meeting its objectives. Agencies are beginning to optimise and utilise assets through reuse, transfer and retirement of assets and associated support. Other benefits include compliance and control or better management of software procurement

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent has the Program achieved its objectives? (Continued)

The PTSWG has facilitated savings in telecommunications procurement

Savings in government telecommunications procurement have been consistently reported by agencies as result of the requirements of Procurement Board Direction 2014-03.

As of 1 May 2017:

- agencies have submitted 168 new telecommunications procurement proposals (Requests For Tenders / contracting arrangements) totalling \$427.57m to the ICT Procurement and Technical Standards Working Group (ICT PTSWG) for review
- proposal savings opportunities of 23% (\$96.26m) have been identified
- Verified savings have increased fourfold, from \$7.44m in the 2014/15 financial year to \$25.14m for the 2015/16 financial year
- The verified savings for 2016-17 financial year to date is \$24.95m

Key findings

Appropriateness

Efficiency

Effectiveness

To what extent has the program addressed negative feedback from stakeholders?

As a direct response to Cluster feedback on the operation of the PTSWG and management of PTS, the PTSWG ToR were updated in early 2017 and ensures better alignment with future NSW Government procurement, strategic partnerships and to reflect recent policy and governance changes

The PTSWG will now focus on discussion and collaboration on relevant focus areas, including:

- Enterprise Telecommunication Optimisation Program
- The Software Broker Model
- Strategic vendor contract scenario planning

The Category Management team will continue to review PTS to identify ways to invigorate and revise the standards, better aligning them with ongoing enhancements to the ICT Services Scheme

ICT Policy will also ensure the PTs are aligned with the Digital Government Strategy and associated Digital Government Implementation Plans, a requirement of the Strategy

Next steps

- ICT and Digital Government Division, Department of Finance, Services & Innovation, Category Management will continue to review and revise existing standards in consultation with industry and agencies
- Additional procurement guidelines/playbooks will be developed to meet evolving requirements
- DFSI will continue to align new and revised PTS with the new Digital Government Strategy
- As-a-Service procurement will continue to be supported by PTS and enhanced following a review of the existing NSW Cloud Policy in 2017-2018

As a result of these key findings, IDG Policy & Innovation recommends that no further evaluation is required

Next steps

Contact

Dawn Routledge
Executive Director, Policy and Innovation

ICT and Digital Government | Department of Finance, Services and Innovation
p: 02 9372 7785 | m: 0477 348 956
e: dawn.routledge@finance.nsw.gov.au | www.finance.nsw.gov.au
Level 23, 2-24 Rawson Place, Sydney 2000

Shae Howard
ICT Category Director, IDG Policy & Innovation

ICT and Digital Government Division | Department of Finance, Services & Innovation
P: 02 8522 7915 | M: 0402 896 826 | E: shae.howard@finance.nsw.gov.au
www.procurepoint.nsw.gov.au
2-24 Rawson Place SYDNEY 2000