Australian Public Service Review

July 2018

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About AIIA

The Australian Information Industry Association (AIIA) is the peak national body representing Australia's information technology and communications (ICT) industry. Since establishing 35 years ago, the AIIA has pursued activities aimed to stimulate and grow the ICT industry, to create a favourable business environment for our members and to contribute to the economic imperatives of our nation. *Our goal is to "create a world class information, communications and technology industry delivering productivity, innovation and leadership for Australia".*

We represent over 250 member organisations nationally including hardware, software, telecommunications, ICT service and professional services companies. Our membership includes global brands such as Apple, EMC, Google, HP, IBM, Intel, KPMG, Microsoft, Deloitte, and Oracle; international companies including Telstra, Optus; national companies including Data#3, TechnologyOne and Oakton Limited; and many ICT SME's such as Silverstone Edge and Zen Enterprise and start-ups such as OKRDY.

Comments

AIIA welcomes the opportunity to provide input to the Australian Public Service Review. These observations are framed around the capability, culture and operating models in the APS that our members have regular exposure to.

In particular our comments are framed against the backdrop of the Government target of becoming a top three digital government by 2025 as recently announced by Michael Keenan as part of the Government's Digital Transformation Strategy.

AIIA members' feedback focusses on the following areas:

1. IRAP and CCSL
2. ICT Procurement

Operating model for ASD IRAP Assessment and Certified Cloud Services List (CCSL)

AIIA members believe that current arrangements in the IRAP assessment and CCSL certifications processed managed by the APS are both hindering progress on the digital transformation of government and undermining the ability to have a competitive cloud service market that services government in Australia.

While a small number of additional certified cloud service providers have been listed in the past 12 months, only six companies are certified at Protected level and twelve at the Unclassified level on the CCSL.

Based on feedback from AIIA members, the certification process does not support the establishment of a competitive cloud service market for government. Members question the outcomes and value to government and industry generally of the process as it stands. Many of our members remain uncertified despite having made significant investments in seeking to achieve certification. By comparison, the UK Government have certified the security of almost 1000 cloud service providers through a modernised scheme.

Operational inefficiency:

The operational issues are

1. the extended timeframe associated with being listed on the CCSL;
2. the lack of transparency in the process of reviewing IRAP assessment reports and the discrepancy between the requirements of certification and the ASD practice;
3. the cost of the process for our members, particularly for multiple products, which have often satisfied a range of global certification processes

Consequences of the operational efficiency:

1. there is low level of effective competition in the cloud product and services market to support of the Federal Government cloud agenda. Competition drives innovation and price.
2. despite a desire by Government to be agile to develop and deliver digital solutions, the barriers imposed by ASD make progress complex, expensive and slow for industry members to provide services to government agencies.
3. given the costs and time involved, there is a real risk that some vendors may limit their involvement in or withdraw completely from the Federal cloud market.

Recommendations for changes to the IRAP assessment operating model:

1. a well-defined, transparent process which follows a clear progression path and is consistent with prescribed government policy. We recommend that ASD sustain the integrity of the program for endorsing IRAP assessors. Once an IRAP assessment report is submitted to ASD along with an IRAP assessor's recommendation, it should be listed publicly as having been assessed along with the letter of recommendation from the assessor within 2 weeks.
2. ASD should be advised to adhere to a certification process that is consistent with the ISM and PSPF. Notably this process should validate the integrity of the assessment report and describe risks as appropriate. Explicitly, it must not be a pseudo-accreditation process, as is currently the case. ASD should have no more than 4 weeks to describe deficiencies in the integrity of the assessment process and any notable risks.
3. engagement of the Digital Transformation Agency (DTA) to take a more active role in educating agencies to understand and make appropriate risk decisions by leveraging the certification and other inputs. The CCSL process has degraded agencies abilities to understand and manage risk. This needs to be restored. AIIA is confident that members are happy to contribute to and assist with this education.

Operating model for Government ICT Procurement and ICT Procurement Capability in the APS hinders collaboration

Procurement is often used as the only mechanism for enabling collaboration with the business community. AIIA members continue to flag challenges they face in ICT procurement. Issues range from industry engagement to ensure agencies and industry understand the problem to be solved, complexity within panel arrangements to complexity with bids, contracts that place onerous reporting requirements on industry, to a lack of feedback on unsuccessful bids and costs associated with joining panels.

APS capability in ICT Procurement:

1. members continue to observe that procurement areas within government often lack the skills required to undertake procurements to deliver complex outcomes for government. The procurement process is literally process driven without pause of consideration and discussion on the problem sought to be solved; and

2. developing frameworks/models for early engagement with industry to discuss the problem will assist with both capability development in the APS and industry understanding of the problems that agencies are trying to solve. Publishing details of an anticipated procurement in an agency annual procurement plan and having industry briefings after an RFT is release are not sufficient in an era of digital transformation.

APS Operating model in ICT Procurement:

1. there is also a lack of executional consistency especially evident in Head Agreement for panel arrangements. This signals both a move away from use of contract templates and also creating different compliance requirements using contractual means; negotiating different contractual terms and conditions with agencies are adding to the cost of vendors getting on panels;

2. vendors also have to manage a lack of consistency across agencies in terms of procurement requirements resulting in essentially the 'repackaging' of the same offering in order to meet procurement compliance requirements. Repackaging of standards offerings inevitably adds costs especially for SMEs;

3. contract arrangements do not match what is actually being purchased. The risk/reward balance is typically disproportionately loaded against vendors. As well as adding cost to offerings, innovation is invariably stifled;

4. members understand risk profiles for projects differ, but the starting point for Commonwealth in all instances is unlimited liability, high insurance level requirements and IP ownership. This has no regard to the nature of the work to be done, the changing nature of the business and service environment and is arguably an abrogation of risk by the Commonwealth. It is also out of step with best practice across the States and Territories where IP is retained by the vendor (as appropriate), liability negotiable relative to project risk and the roles and responsibilities of the respective purchases and vendor; and insurance levels are relative to the nature and scope of the project;

5. AIIA members note, that procurement arrangements reflect a poor understanding of the commercial realities of private sector business – in terms of the need to drive revenue, deliver profits as well as manage risk and protect IP. Vendors are being forced to sign up to agree to collaborating with other vendors with no regard to IP issues; and

6. members are also concerned that aggregation of product/service tenders reduces/removes the ability of SMEs to engage in the government procurement market.

APS culture forging a 'Them and Us' mentality:

1. AIIA members report a "them and us" approach by government agencies. They report significant difficulties in attempts to work collaboratively with project leads. In some instances, project leads and project staff adopt from the outset a need to "blame someone" in the event that something might go wrong. This approach undermines trust being developed between agencies and vendors and limits any ability for an appropriate and effective risk sharing relationship.

7. A cultural change that focusses on collaboration and risk sharing between agencies and vendors to achieve outcomes needs to be championed by senior management in the APS;
8. Governance arrangements for projects need to be set in place at the onset of a project to ensure there is no abrogation of APS decision-making responsibilities to vendors.

APS Culture and Operating Model does not support innovation in Procurement:

1. AIIA members note that notwithstanding the deep technology and business expertise and experience of industry, agencies issue tenders that request specific technology solutions. This is in the absence of articulating clear business requirements and the business outcomes that need to be achieved. Early engagement with industry as discussed above would help to resolve this issue;
2. there is no appetite for innovation in the APS regardless of rhetoric. APS need to develop capability to understand and assess innovation in a practical sense;
3. there is no flexibility to stand up Proofs of Concept and agile digital solutions on a just in time basis. This goes against market reality of rapidly emerging new technologies and service models.
4. there is a tendency to regress to old supply arrangements – because incumbent vendors have a history of supply to agencies this prevents real opportunity to innovate in government service delivery;
5. the new advice to 'build' within APS rather than 'buy' – members advise that some correction is required (the old mega supply arrangements are still being exploited), but APS will never attract the talent and skills they need to compete with the current commercial market – the skills will (eventually) migrate to where the money is (e.g. cyber skills); In other words, models for moving between the public and industry sector need to be piloted and stood up; and
6. endemic risk aversion within APS – no one is able to 'try things out' without fear of getting a black mark against their career if it fails – we do not have an entrepreneurial economy in any shape or form; APS staff need to develop skills in risk assessment and mitigation.

DTA's authority on ICT procurement is not evident across the APS

1. AIIA members note that it is not clear what level of authority DTA has over the other agencies' ICT procurement activities.
2. There are multiple examples of agencies, especially the larger departments such Defence as continuing with their own ICT procurement practices regardless of the plethora of policies being published by the DTA.
3. It is important that agencies are consistent in their procurement approaches even though the services they deliver are vastly different. This makes it easier for vendors to focus on delivering services and tailoring products to achieving agency outcomes rather than spending time on understanding and complying with different and inconsistent procurement requirements across agencies.

DTA's Digital Marketplace

1. AIIA members have noted that the DTA's Digital Market place has become a platform for labour hire firms. It is a jobs board for personnel.
2. While the DTA has been good at seeking and receiving feedback on the Digital Marketplace, the DTA's follow up actions demonstrate that DTA has neither the technical or procurement knowledge and capability to implement the changes being requested by sellers.
3. There is also confusion as to whether the Digital Marketplace is the only platform for Digital outcomes in the Australian Government with agencies still publishing tenders for digital outcomes on AusTender in preference to the Digital Marketplace. For example, at the date of this submission, the following tender notice is appearing on AusTender. It is not listed on the Digital Marketplace. The effect of this is that while the DTA now has a Digital hardware, professional services and training marketplace, inconsistency in agency practices means that sellers are having to keep an eye out on two platforms rather than one for digital business opportunities.