
MEDIA RELEASE

OFFICE OF CHIEF PROCUREMENT OFFICER JOIN FORCES TO REDUCE COSTS AND ENHANCE EFFICIENCY IN THE PUBLIC SECTOR

The National Treasury, State Information Technology Agency (SOC) Ltd (SITA) and Microsoft recently announced renegotiation of the existing contract between them which will effect significant savings to the national fiscus on the government-wide software licences and services contract. In addition, it is envisioned, that the use of the amended contract will result in optimisation of the Microsoft product and services within all spheres of government. This follows after the National Treasury, SITA and Microsoft initiated a review of existing contracts for Microsoft licences and services to government.

Since last year, The Ministry of Finance, the National Treasury and the Office of the Chief Procurement Officer (OCPO) have concentrated efforts to affect greater efficiencies in government procurement. The OCPO has been in negotiations with the Top 100 suppliers to government, with a view to effect savings and improve delivery. SITA is one of the leading agencies collaborating with the Chief Procurement Officer in taking bold steps in optimizing government's investment in ICT.

This is in line with the Minister of Finance undertaking to work with the private sector and all stakeholders in strengthening the South African economy, by, amongst other things, achieving efficiencies in government procurement and by aggregating diverse contracts which are spread across government into one sourcing structure. This enables government to leverage the economies of scales when negotiating with Original Software Manufacturers (OSMs) and Original Equipment Manufacturers (OEMs).

Microsoft is one of the first vendors to actively collaborate with the government of South Africa in finding ways of optimising government ICT spend and maximise the return on its investment. Microsoft's decision to join the South African government in a partnership for growth delivers savings on government software and services contract and contributes to fiscal stability.

Microsoft South Africa, Head of Public Sector, Mr. Niral Patel summarized the significant features of the agreement as follows:

"We are proud to support the efforts of the Minister of Finance and the Treasury to restore the health of South Africa's fiscus and contribute to a positive credit rating. We are working towards global wellbeing and to unlock the potential of people and countries. Therefore, we are delighted to contribute to enhanced services of government, adding value by reviewing current contracting practices with government. This contract is taking bold steps to:

- Leverage special pricing as per the Volume of Government spending on Microsoft licences and services, through optimized procurement processes, thereby efficiently driving cost savings and enabling the government to accelerate its Digital Transformation to offer better services to its citizens.

- Enable smaller government entities to leverage the full value of Microsoft products and services, and benefit from the broader volume pricing.
- Allows Government departments to get access to some of Microsoft's top technical skills, at significantly reduced rates to ensure deployment and adoption of the Microsoft products, to achieve some of Government's priorities through technology.
- Significant flexibility for organs of state to opt for on premise, hybrid or cloud licencing solutions"

Kenneth Brown, the Chief Procurement Officer and Dr Setumo Mohapi, CEO of SITA expressed satisfaction with progress in the renegotiated of the Microsoft agreement. "We acknowledge Microsoft as a strategic partner of Government and their willingness to provide innovative and unconventional solutions for the South African Government's complex and diverse requirements, which are supporting our Nation to achieve its developmental goals. We are delighted that a global giant such as Microsoft understands and supports this drive. We call on the other global companies who supply the South African Government to follow Microsoft's example."

OCPO also indicated that agreements with other OSMs and OEMs are in progress and announcements in this regard will be made in collaboration with SITA at an appropriate time.

Ends

Issued on behalf of National Treasury, SITA and MICROSOFT

Date: 9 December 2016

BACKGROUND ON THE OCPO

The Office of the Chief Procurement Officer (OCPO) was established in February 2013, to:

- Modernise government procurement
- Put systems in place that will help to curb leakage in public expenditure and
- Ensure that government realises maximum value on the R500 billion spent on goods and services annually.

The work of the OCPO is to give expression to section 217 of the Constitution, which requires that the procurement of goods and services be fair, transparent, competitive and cost effective. The proposed Procurement Bill, which is still in draft stage, will further define the role of the OCPO.

BACKGROUND ON SITA

State Information Technology Agency (SOC) Ltd (SITA) is a State Owned Company founded in 1998 through an Act of Parliament to deliver ICT solutions and enable service delivery objectives of government through technology. SITA is responsible for developing and hosting ICT solutions that allow government to improve planning reduce costs and operational inefficiencies and enable the ease of access to government services by citizens.

ABOUT MICROSOFT

Microsoft (Nasdaq "MSFT" @microsoft) is one of government's biggest suppliers. Its mission is to empower every person and every organization on the planet to achieve more through its software, products and services.

Microsoft refers to Microsoft Corp. and its affiliates, including Microsoft Mobile Oy, a subsidiary of Microsoft. Microsoft Mobile Oy develops, manufactures and distributes Lumia and Asha and Nokia X mobile phones and other devices.