

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3371 [NW3858E]
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3371. Mr M M Dlamini (EFF) to ask the Minister of Finance:

- (1) Whether the SA Revenue Service removed a certain service provider for information technology services (name furnished) and replaced it with other specified service providers (names furnished) as contractors or service providers during the period 1 January 1999 up to 31 December 2009; if so, (a) what was the rationale behind this decision, (b) how was the specified rationale substantiated and (c) on what basis were both these companies selected;
- (2) (a) why was the contract extended for a period of 12 years, (b) has he found that the extension was legal or compliant with relevant legislation and regulations and (c) did either of the companies go through a tender process for the initial contract or the extension?

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REPLY

1 a) Yes, SARS replaced Oracle with BBD through a deviation process;

This was due to the fact that Oracle UK initially offered to review the offering against SARS' requirements. Alternative proposals were put forward, but it quickly became apparent that SARS' functional needs as agreed with Siebel, far exceeded what Oracle intended to deliver regarding scope, cost and implementation timelines.

b) The replacement was justified as follows:

Extensive discussions were conducted with Oracle in an attempt to rescue the transaction and bring it back in line with SARS' original understanding, namely that it:

- be a turnkey solution including all required infrastructure, hardware/networks and integrated costs. The contractor would manage, for a fixed price and delivery timeline, the solution "end to end" and guarantee its performance when in production;
- be capped within the cost limit;
- Includes all the functionalities which formed part of Exco's original understanding.

- Notwithstanding the fact that it was telephonically confirmed to SARS' representatives by Oracle, Oracle was not willing to provide SARS with an undertaking in line with the above.

- c)** Accenture – came into SARS through a tender process in 2005 to appoint a strategic partner to assist SARS with the Modernisation Programme

The 2006 SARS records that have been reviewed by the current procurement leadership team reflects that the selection of the three entities (i.e. IBM, Accenture and BB&D) was based on the industry knowledge of the then Strategy, Modernisation and Technology senior staff. In circumstances relating to the replacement of the Oracle transaction BB&D was then chosen from the listed primarily because of price consideration.

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- a)** The reason for not inviting competitive bids and instead extending the service providers' contracts (i.e. Accenture, BB&D and others) was considered to be due to exceptional reasons which mainly centred on the need for natural continuation of the projects where previous work was carried out by the same service providers, thus presenting a clear advantage over competition. SARS wanted to also ensure consistent engagement with the same service providers in order to avoid a risk of information being disclosed to the public as the project was linked to taxpayer and SARS employee' information.
- b)** The extensions of both Accenture and BBD were legal and compliant with the relevant legislation and regulations.
- c)** Accenture was selected through a tender process. BB&D was appointed through a deviation.