

Strategic ICT Supplier Management (SISM) Framework

1. Executive Overview

1.1. Background

The Government has directed the Department of Finance and Deregulation (Finance) to implement a program that addresses Recommendation 5.6.1c of the *“Review of the Australian Government’s Use of Information and Communication Technology”*, (August 2008, Sir Peter Gershon CBE FREng).

Finance has produced a Strategic ICT Supplier Management (SISM) Framework for whole-of-government management of the Government’s Key ICT suppliers. This will enable:

- a whole-of-government perspective on Key ICT suppliers;
- consideration of developments in the ICT supplier market;
- communication of information on Key ICT suppliers to ICT governance decision makers; and
- more responsive supplier performance that strengthens agency supplier relationships.

1.2. Outcome

The SISM Framework comprises:

- A Supplier Classification Model that:
 - Defines the SISM model in a whole-of-government context; and
 - Provides four categories of supplier classification according to analysis of total Government contractual commitment and current market position.
- A Governance and Stakeholder Communication Model that:
 - Identifies key governance committees and other stakeholders; and
- Outlines the roles and responsibilities of relevant stakeholders.
- An annual report submitted to the ICT governance community.

2. Definition of Strategic ICT Supplier Management (SISM)

SISM formalises the process of identifying key and emerging issues, trends and concerns in the ICT supplier marketplace that may affect the Government’s strategic objectives.

SISM focuses on the management of Key ICT suppliers.

3. Supplier Classification Model

A model for classifying suppliers has been adapted from the UK Government’s Office of Government Commerce’s existing framework. This includes the classification of suppliers into four categories:

- **Key** ICT suppliers provide essential services, the loss of which may result in:
 - a high cost to Government;
 - disruption to critical Government business; or
 - loss of value for money by having to engage with new suppliers.

The SISM will gather information from multiple sources (see section 4.2, Data Sources) on these suppliers and report to the ICT governance community.

- **Tactical** ICT suppliers are all suppliers that do not meet the criteria for Key ICT suppliers, they will only be subject to the standard Senate reporting process on Government contractual commitments¹.
- **Growing and Declining.** A Tactical ICT supplier may be reclassified as Growing where their services have increased in value over the previous reporting period. A Key ICT supplier may be reclassified as Declining where their services have significantly decreased in value.

4. Reporting arrangements

An annual report (Attachment 1) will be submitted to the ICT governance community. For the purposes of SISM, the ICT governance community comprises the:

- Chief Information Officer Committee (CIOC);
- Chief Information Officer Forum (CIOF);
- Cross-Jurisdictional Chief Information Officer Committee (CJCIOC); and
- Secretaries' ICT Governance Board (SIGB).

The annual report will include information on the promotion or demotion of Growing and/or Declining suppliers.

Prior to submission of this report, Finance will assess current Government contractual commitments to ICT suppliers from AusTender.

4.1. Key ICT Suppliers

The identification of Key ICT suppliers will be determined by those suppliers with whom the Government has a contractual commitment greater than or equal to \$50 million averaged over the last three financial years.

¹ As per Senate Continuing Order No 9 (Murray Order) amended 26 June 2003.

4.2. Data Sources

The following data sources will be used to inform the Government of its Key ICT suppliers:

- publicly available information
- financial information (Australian Stock Exchange data, contracts awarded and payments made to suppliers);
- the global socio-economic situation and special events (physical location of the majority workforce for a Key ICT supplier and events in localities that may affect that workforce); and
- operations by suppliers that may impact on their market position (mergers, acquisitions, bankruptcies).

Archived

Attachment 1

Example Overview

07 Supplier Overview²

<p>Key Executives: CEO: Jack Johnson CFO: Dirk Pick CMO: Jane Jackson Account Team: Lead Sales Executive: Marilyn Johns Regional Vice President: Rob Rocker Global Sales Executive: Marilou Kane</p>
<p>Notable Headlines: 17 July 2007 — CEO Announces Alchemy Breakthrough 04 July 2007 — ACME Action Announced Strategic Partnership with Best Friend Corporation to Deliver on Alchemy Promise 20 June 2007— ACME Action Announces \$50M Deal with China</p>



This report	Trend	This report	Trend
Last Trade: 26.52	↕	P/E (ttm): 51.70	↗
52wk Range: 12.80 - 28.44	↕	EPS (ttm): 0.51	↗
Avg Vol (3m): 584,789	↗	Div & Yield: N/A	—
Market Cap: 2.76B	—	Gartner opinion: Positive	—

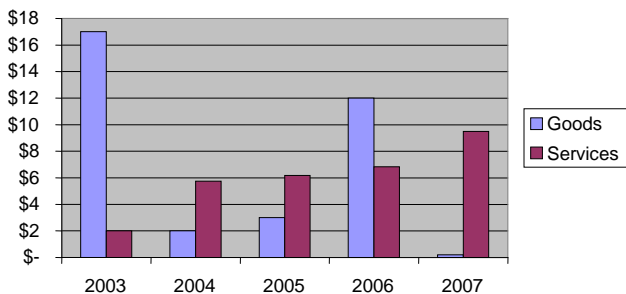
Product Categories: Database, monitoring software, change/configuration management software

Departments Utilizing Supplier Products/Services: Department A, B, C

Reason for Strategic Categorization: Government commitment is at \$50m this year with a three year average of \$100m. Product road map is closely aligned with IT needs. Specifically, Web services architecture provides the foundation for Government 2.0.

Financial Summary

Last report yearly contract value: \$50 million
 5 year data on total contract value to Government.



Scorecard Summary

Category	Previous score %	Current score %	Trend
Technology	34	36	↗
Commercial Relationship	33	45	↗
Financial	33	35	↗

REPORT END.

²Adapted from Gartner Leader's Toolkit: Strategic Supplier Relationship.