Government of South Australia
2013-14 ICT Investment Report

Office for Digital Government

Public Release - April 2015

Executive Summary

▶ **SYNOPSIS**

Information and Communication Technology (ICT) is critical to the delivery of government services, and all investments in ICT need to be supported by a robust business case.

The Office for Digital Government has established the **ICT Profiling Program** to build a long-term 'profile' of ICT investment across SA Government, benchmark investment against other states, jurisdictions and industry and assist agency executives in their decision making and planning.

The 2013-14 ICT Investment Report encompasses all SA Government agencies under the Public Sector Act 2009, as well as statutory authorities or other agencies subject to ministerial direction or control. The Report also informs agencies on the alignment of ICT expenditure and capability against the strategic directions within the SA Government ICT Strategy – **SA Connected**.

The SA Government 2013-14 ICT Investment Report is based on **survey data from agencies**, rather than actual financial statements.

The survey template is based on an ICT Investment Model adapted from the Australian Government in line with SA Government's ICT standards and frameworks, and was refined for the 2013-14 data collection based on agency feedback.

The **key findings** of the 2013-14 ICT Investment Report include:

▶ SA Government total ICT spend has increased from $575.5M in 2011-12 to $626.6M in 2013-14, representing an increase from 3.23% to 3.58% of total agency spend. This is now more comparable to the average across Australian government jurisdictions of 3.52%.

▶ Investment in transforming business capability, or project spend, has increased from $118.5M in 2011-12 to $145.2M in 2013-14, an increase from 20.6% to 23.2% of total ICT spend, however major projects at SA Health during 2013-14 account for 48.4% of this total.

▶ Expenditure on services provided by external suppliers has increased by 58% over the previous three data collections from $102M in 2009-10 to $161M in 2013-14, indicating a further shift towards externally provided services (including 'As-a-Service' and 'Cloud Computing') and away from traditional 'Products' (hardware, software and carriage).

▶ Despite the significant move towards externally provided services, the majority of the SA Government ICT workforce remain in operational positions, indicating a challenge in responding to a rapidly changing ICT environment.

Executive Summary (cont.)

▶ SA Government has made some progress towards the strategic directions contained within *SA Connected*, notably:

Serving People

An increase in the proportion of web based applications (from 45% in 2011-12 to 54% in 2013-14) and smartphone applications (more than doubled since 2011-12) are providing more in the way of digital services to our customers.

Securing Resiliency

An investment of $5.4M or 1.1% of total ICT spend in ICT security functions. This percentage however is below the average across Australian government jurisdictions at 1.4%, and the average across Australian industry at 2.1%.

Improving Delivery

The percentage of ICT spend on externally provided services has increased from 24% in 2009-10 to 33% in 2013-14, with a corresponding drop from 40% to 31% on 'boxes and wires' (i.e. traditional hardware and software products). Furthermore spend on Software-as-a-Service products has nearly doubled from $7.5M in 2011-12 to $14.1M in 2013-14.

Working Together

SA Government agencies are providing more ICT services to each other, with internal recharges increasing by 22% between 2009-10 and 2013-14 demonstrating a slow but steady increase in 'multi-agency' approaches.

Innovating Now

Increased investment in transforming business capability from $118.5M in 2011-12 to $145.2M in 2013-14, across a higher volume of transformational projects. The total spend per project has decreased from $1.6M in 2011-12 to $1.3M in 2013-14 demonstrating a small move from 'Large-scale solutions' to 'Incremental improvements'.
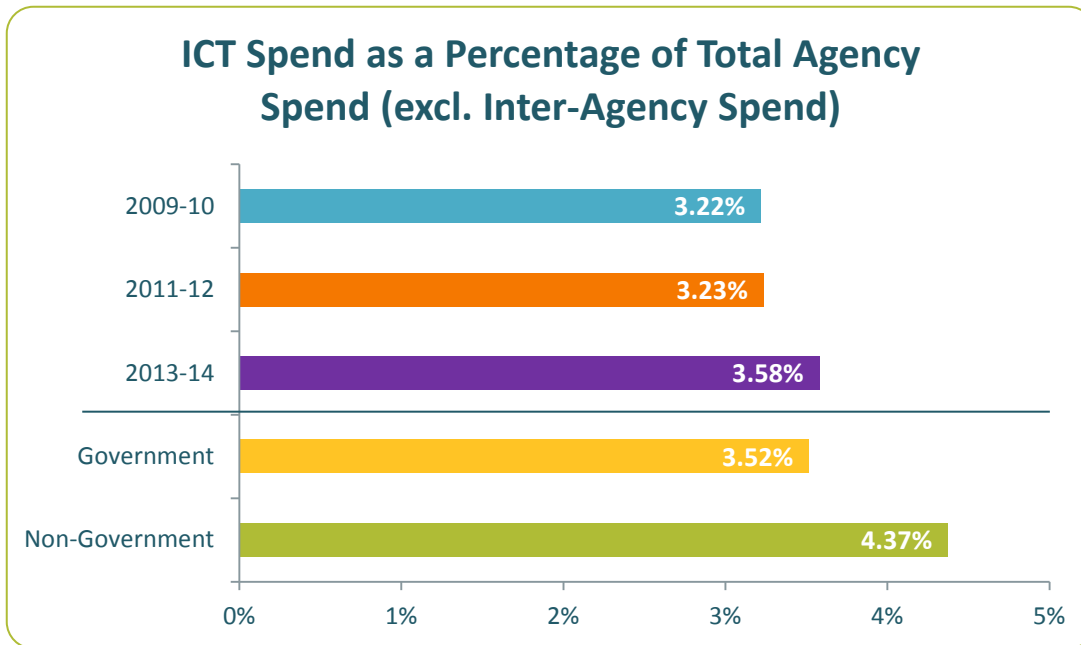
244 new datasets are anticipated to be released by SA Government agencies during 2014-15, representing a 65% increase in existing datasets published by agencies on www.data.sa.gov.au as at September 2014.

Executive Summary (cont.)

► **KEY FINDING 1: ICT Spend has increased and is now comparable with other government jurisdictions**

SA Government total ICT spend (on staff, products and services) is comparable with other jurisdictions and industry benchmarks, and has increased in percentage terms from 2011-12. Excluding internal revenue received by ICT service delivery groups, SA Government currently spends 3.58% of total expenditure on ICT, compared with the average Government[2] spend of 3.52% and average Non-Government[3] spend of 4.37% (see Figure 1).

Figure 1: *Total ICT Spend as a percentage of SA Government Spend*

ICT Spend as a Percentage of Total Agency Spend (excl. Inter-Agency Spend)

2009-10	3.22%
2011-12	3.23%
2013-14	3.58%
Government	3.52%
Non-Government	4.37%

(0% – 5% scale)

	2011-12	**2013-14**
Total Agency Spend	$17,790,351,550	$17,504,606,576
Total ICT Spend	$575,505,748	$626,620,087
ICT Spend as a %	3.23%	3.58%

Total ICT spend in real terms has increased from $575.5M in 2011-12 to $626.6M in 2013-14, representing a percentage increase of 8.9% over the period of two years. A $30.6M increase in ICT project spend at SA Health during 2013-14 accounts for a large portion of this overall increase, as does the $17.7M purchase of an MS Enterprise Licencing Agreement across SA Government.

2 'Government': includes a mixture of policy and delivery agencies of Australian state, territory and federal jurisdictions, from ISG databases.

3 'Non-Government': includes a selected group of Australian non-government entities from ISG databases.

Executive Summary (cont.)

► **KEY FINDING 2: Investment in transforming business capability has increased, however remains behind other jurisdictions**

SA Government has typically allocated a large proportion of ICT expenditure to ongoing service delivery, rather than transforming business capability or 'project spend'. 2011-12 saw a further decline in project spend at 20.6% of total ICT spend. In 2013-14 this percentage increased to 23.2%, which still remains below the average Government figure of 27.8% and the average Non-Government figure of 32.9%.

Figure 2: *Total ICT Spend – Ongoing Service Delivery vs. Projects*
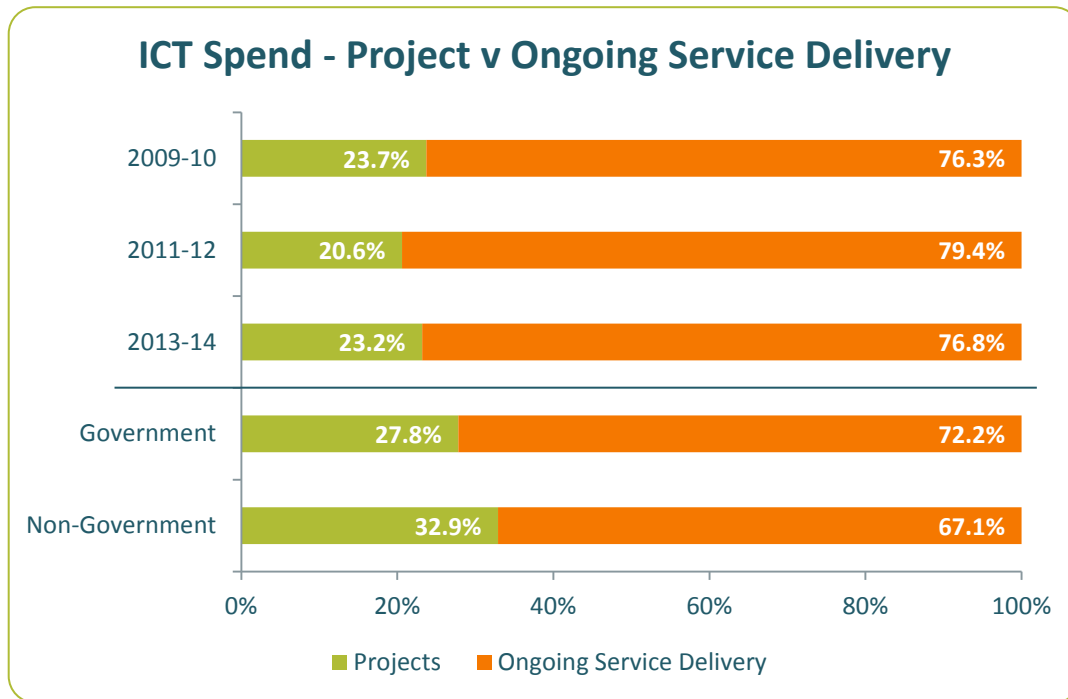
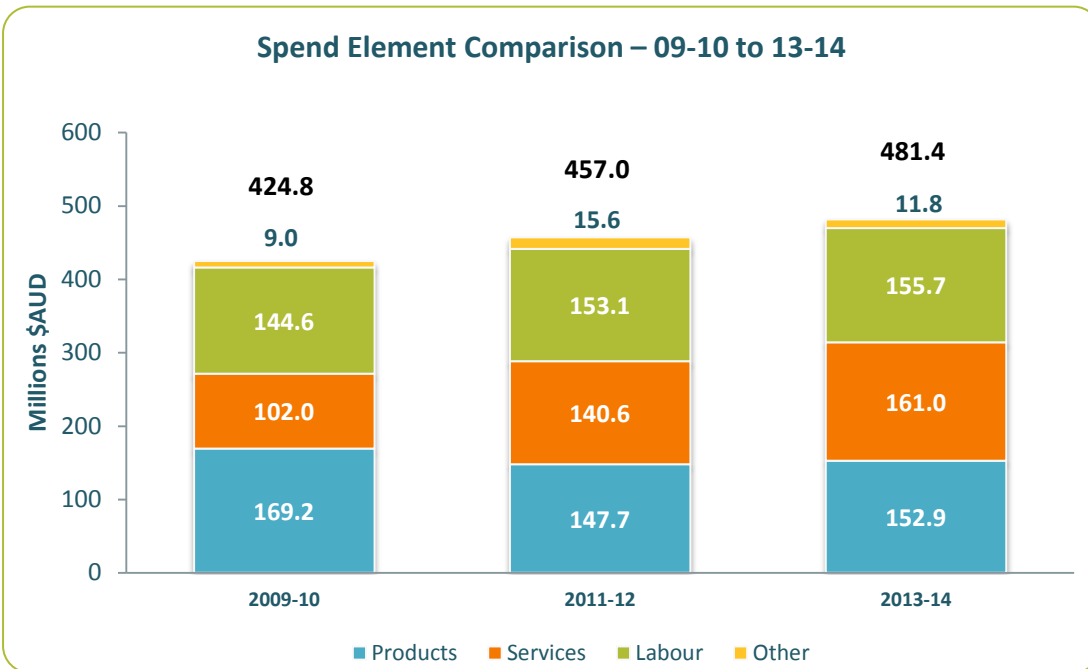|	2011-12	2013-14
Total ICT Spend	$575,561,257	$626,620,087
Ongoing Service Delivery Spend	$457,041,383	$481,406,930
Project Spend	$118,519,874	$145,213,157
Project Spend as % of Total ICT Spend	20.6%	23.2%

Project spend in real terms has increased from $118.5M in 2011-12 to $145.2M in 2013-14 however, when taking into account the increase in project spend across SA Health during 2013-14 ($30.6M), project expenditure has actually decreased across all other SA Government agencies by $3.9M.

Executive Summary (cont.)

▶ **KEY FINDING 3: Expenditure on services provided by external suppliers continues to increase significantly**

Expenditure on services provided by external suppliers **(Services)** has increased by 57.8% from $102M in 2009-10 to $161M in 2013-14 indicating a continuing trend towards externally provided services (including 'As-a-Service' and 'Cloud Computing') and away from traditional 'Products' (hardware, software and carriage).

Figure 3: *Total ICT Spend split by Products, Services, Labour and Other*

Spend Element Comparison – 09-10 to 13-14

	2009-10	2011-12	2013-14
Total	424.8	457.0	481.4
Other	9.0	15.6	11.8
Labour	144.6	153.1	155.7
Services	102.0	140.6	161.0
Products	169.2	147.7	152.9

Millions $AUD

Legend: ■ Products ■ Services ■ Labour ■ Other

Change from 2011-12 to 2013-14	$ Change	% Change
Products Spend	$5,136,094	3.5%
Services Spend	$20,411,703	14.5%
Labour Spend	$2,584,514	1.7%
Other Spend	-$3,766,764	-24.1%
Total (excl. Inter-Agency Spend	$24,365,547	5.3%

In percentage terms externally provided services has increased from 24% of total ICT spend in 2009-10 to 33% in 2013-14, with a corresponding drop from 40% to 31% on internal products. Furthermore, spend on Software-as-a-Service products has nearly doubled from $7.5M in 2011-12 to $14.1M in 2013-14.
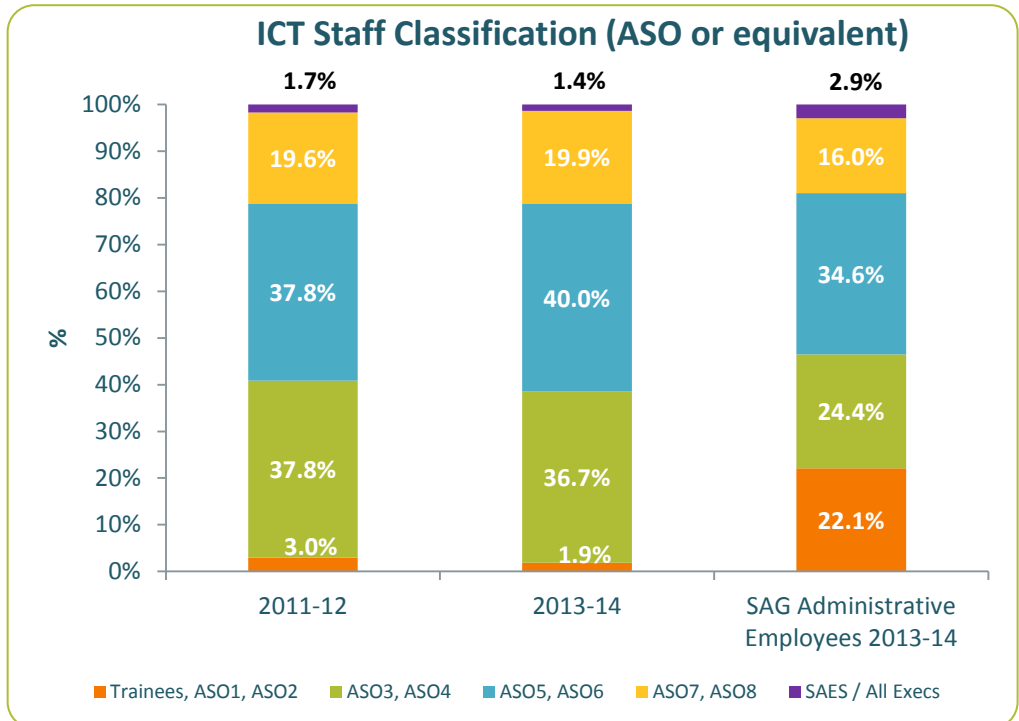
Over the previous two year period, Total Labour Spend has shown a minor increase from $153.1M in 2011-12 to $155.7M in 2011-12 which, at 1.7%, is fractionally below CPI.

► **KEY FINDING 4: The majority of the SA Government ICT workforce remain in operational positions**

Whilst there has been a significant shift towards externally provided services, the majority of the SA Government ICT workforce remain in operational positions, indicating a challenge in responding to a rapidly changing ICT environment. Figure 4 below, along with the corresponding table, compares the SA Government ICT workforce from 2011-12 and 2013-14 with the whole of SA Government workforce (Administrative Units only)[4].

Figure 4: *ICT Workforce by Salary Band compared to whole of SA Government*

ICT Staff Classification (ASO or equivalent)

Legend: Trainees, ASO1, ASO2 · ASO3, ASO4 · ASO5, ASO6 · ASO7, ASO8 · SAES / All Execs

Employee Classification (ASO or equivalent)	ICT FTEs 2011-12	ICT FTEs 2013-14	SA Gov FTEs 2013-14
ASO1-2 ($1-$54,799)	48.7	34.9	10,695.3
ASO3-4 ($54,800-$69,699)	613.1	671.1	11,840.5
ASO5-6/MAS1 ($69,700-$89,199)	613.2	731.9	16,758.6
ASO7-8, MAS2-3 ($89,200-$112,599)	318.1	364.5	7,781.3
SAES / EXEC ($112,600+)	27.6	25.4	1,418.4
Subtotal	**1620.7**	**1827.8**	**48,494.1**
Contractors	245.7	148.8	N/A
Total	**1,866.4**	**1,976.6**	**48,494.1**

The graph above highlights significant differences between the ICT workforce and the whole of SA Government workforce at both the ASO1-2 and SAES/EXEC levels. This suggests the bulk of the ICT workforce is supporting ongoing service delivery rather than transformational projects or managing the demonstrated increase in external service provision (as shown previously in figure 3).
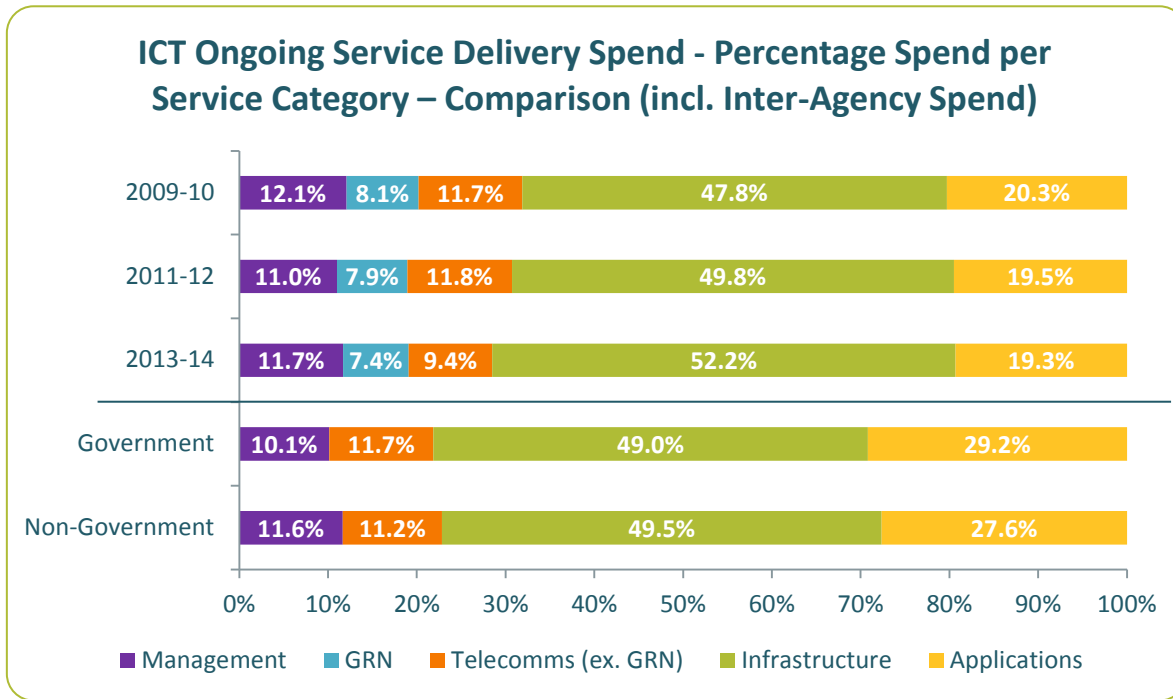
Executive Summary (cont.)

► **ICT SERVICE CATEGORIES**

Ongoing Service Delivery ICT Spend from 2009-10 to 2013-14 has been split into Service Categories. Figure 5 is a high level summary of Service Category spend and includes the provision of Government and Non-Government averages by way of comparison.

Figure 5: Ongoing Service Delivery ICT Spend by Service Category

ICT Ongoing Service Delivery Spend - Percentage Spend per Service Category – Comparison (incl. Inter-Agency Spend)

	Management	GRN	Telecomms (ex. GRN)	Infrastructure	Applications
2009-10	12.1%	8.1%	11.7%	47.8%	20.3%
2011-12	11.0%	7.9%	11.8%	49.8%	19.5%
2013-14	11.7%	7.4%	9.4%	52.2%	19.3%
Government	10.1%		11.7%	49.0%	29.2%
Non-Government	11.6%		11.2%	49.5%	27.6%

Applications spend at 19.3% remains well below the average spend for Government and Non-Government groups. Infrastructure spend has increased in percentage terms from 49.8% in 2011-12 to 52.2% in 2013-14 and is now above the Government and Non-Government groups, however the $17.7M spend on the whole of SA Government MS Enterprise Licencing Agreement is largely responsible for this increase.

Telecommunications spend at 16.8% is higher, due to the contribution of the Government Radio Network (GRN). However, when excluding GRN, which is unique to the SA Government, Telecommunications is more comparable to Government and Non-Government groups. Management spend at 11.7% is slightly above the Government group but comparable to the Non-Government group.
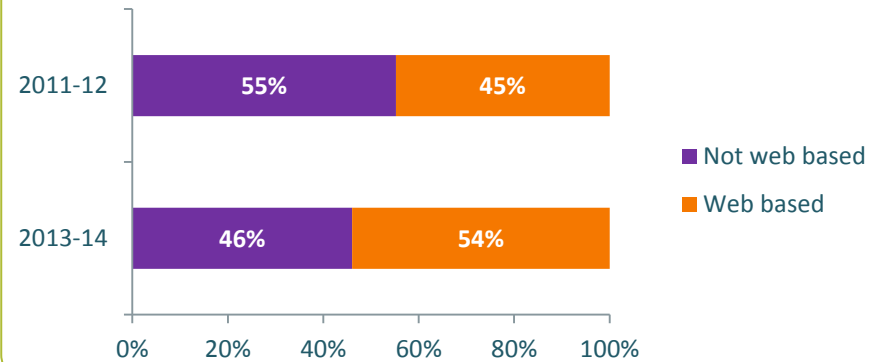
Analysis
SA Connected – Key Principles

Analysis – SA Connected Key Principles

Serving People

An external lens
This is our purpose; it is 'What we do'.
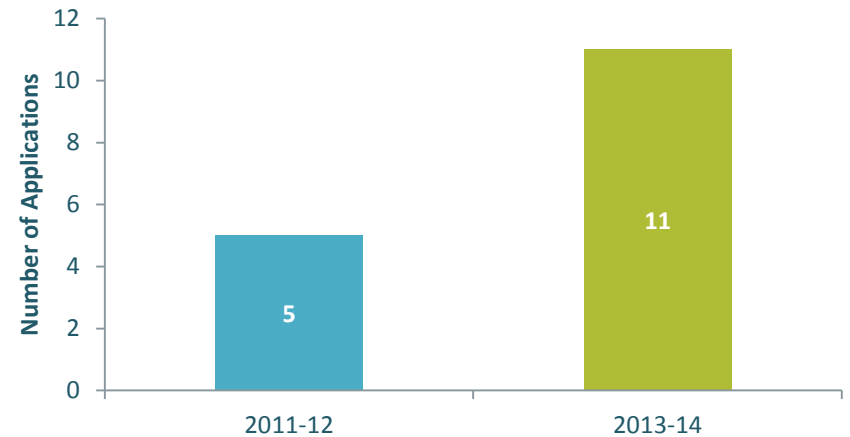This perspective focuses on services to citizens.

▶ ***Serving People***

- SA Government is providing more in the way of digital services to our external and internal customers as shown by an increase of 20% of the number of web based applications and more than doubling the number of mobile enabled applications from 2011-12 to 2013-14.

- SA Government is showing increased progress in offering more services online and moving to 'Digital by default'.

- The increase in web based applications (from 45% in 2011-12 to 54% in 2013-14) and mobile enabled applications is providing greater service delivery options to citizens via multiple channels and a more integrated customer service.

Percentage of Web Based Applications

Year	Not web based	Web based
2011-12	55%	45%
2013-14	46%	54%

Mobile Enabled Applications

Year	Number of Applications
2011-12	5
2013-14	11

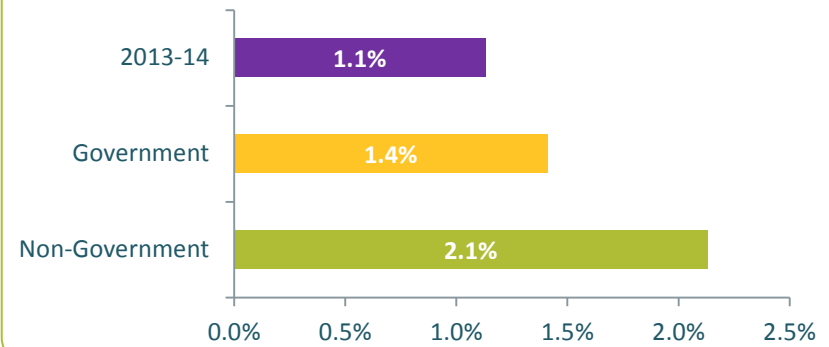# Analysis – SA Connected Key Principles

Securing Resiliency

An external lens
We live in a changing world; we are '*Preparing for the unpredictable, but inevitable*'. This underpins everything we do.
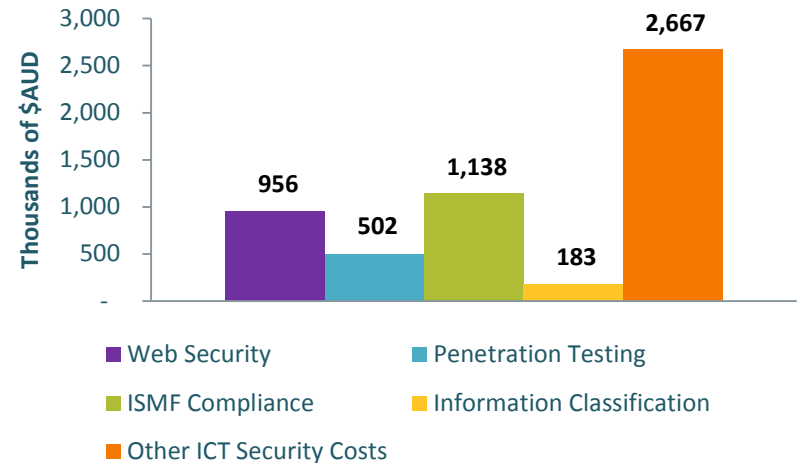
▶ ***Securing Resilience***

- SA Government spends $5.4M on ICT security functions, representing 1.1% of total ICT spend. This percentage is below the average across Australian government jurisdictions at 1.4%, and the average across Australian industry at 2.1%.

- In comparison with other Government departments, SA Government invested 21% less in security as a proportion of ICT spend and 48% less than non-government organisations.

- SA Government security spend supports Web Security, Penetration Testing, ISMF Compliance and Information Classification.

- Other ICT security costs cover a number of miscellaneous elements relating to ICT security. Examples include but are not limited to security contractors or consultants, security incident and event monitoring solutions, digital forensics and data loss prevention software.

Security Spend as a Percentage of Total ICT Ongoing Spend

Category	Percentage
2013-14	1.1%
Government	1.4%
Non-Government	2.1%

Breakdown of Security Spend

(Thousands of $AUD)

Category	Value
Web Security	956
Penetration Testing	502
ISMF Compliance	1,138
Information Classification	183
Other ICT Security Costs	2,667

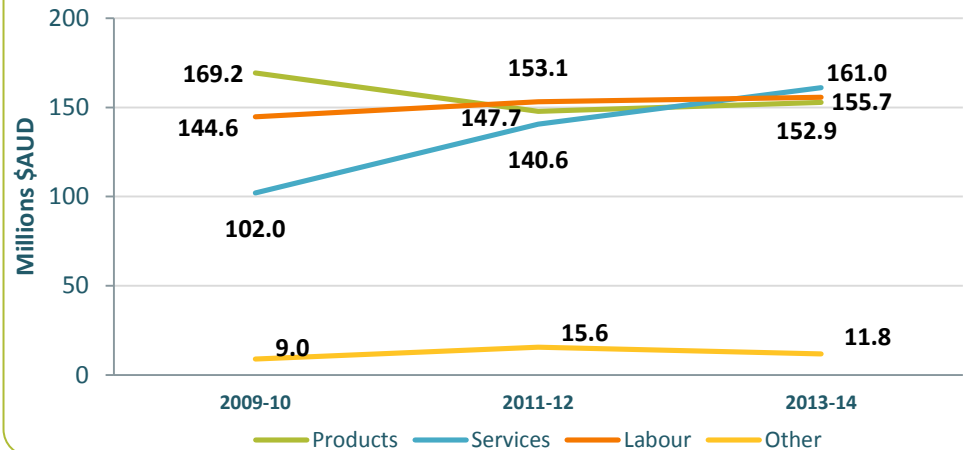# Analysis – SA Connected Key Principles

Improving Delivery

A productivity lens
This provides a lens on our productivity and project execution; this is about 'Getting more out of what we've got'.
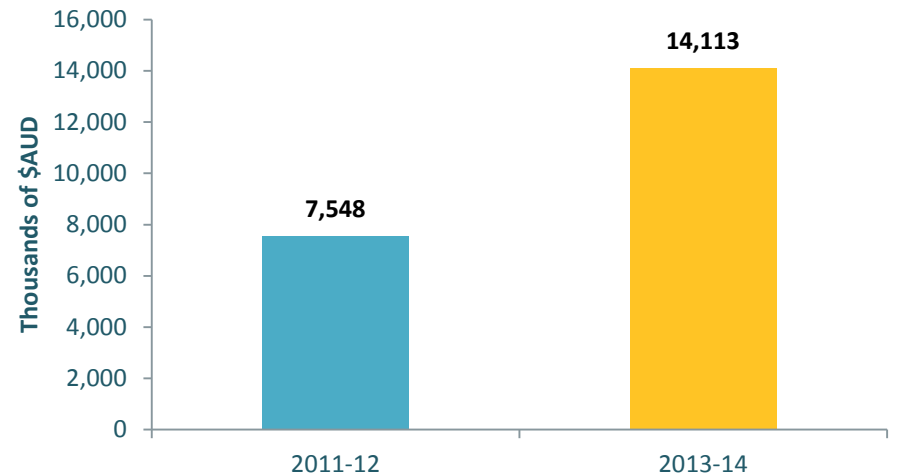
► ***Improving Delivery***

- The percentage of ICT spend on externally provided services has increased from 24% in 2009-10 to 33% in 2013-14.

- The increase in expenditure on externally provided services has corresponded with a drop from 40% to 31% on 'boxes and wires' (i.e. traditional hardware and software products).

- Additionally, spend on Managed Applications (Software-as-a-Service) products has nearly doubled from $7.5M in 2011-12 to $14.1M in 2013-14.

Ongoing ICT Spend Element Comparison – 09-10 to 13-14

Millions $AUD

Series	2009-10	2011-12	2013-14
Products	169.2	153.1	152.9
Services	102.0	140.6	161.0
Labour	144.6	147.7	155.7
Other	9.0	15.6	11.8

Legend: Products, Services, Labour, Other

Managed Applications Spend

Thousands of $AUD

	2011-12	2013-14
	7,548	14,113

Analysis – SA Connected Key Principles

Working Together

A sharing and collaboration lens
'Common problems, shared solutions'.
Collaboration and sharing makes us better
at what we do.

▶ *Working Together*

- SA Government total ICT Ongoing Service Delivery Spend on services provided by agencies increased by 22% between 2009-10 and 2013-14, representing greater support for shared services and shared solutions.

- This supports the conclusion that agencies are looking for opportunities to leverage multi-agency approaches rather than going it alone. Additionally, this information indicates that the strategies which have been put in place across government to make it easier for agencies to work together are having some effect.

ICT Ongoing Service Delivery Spend: Services Provided by Another Agency

Thousands $AUD

Year	Value
2009-10	67,182
2011-12	77,703
2013-14	82,045
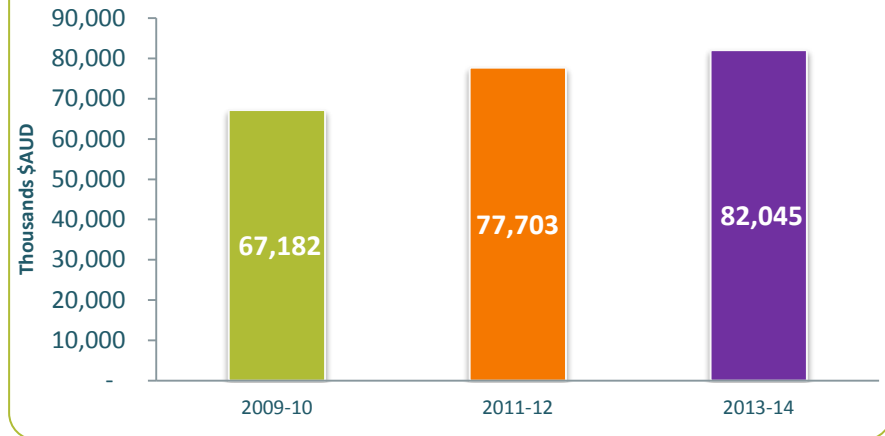
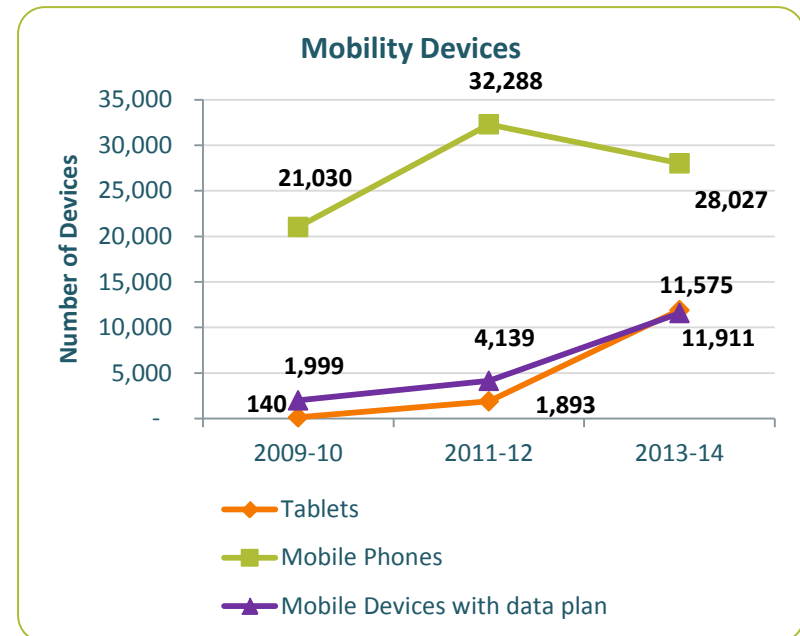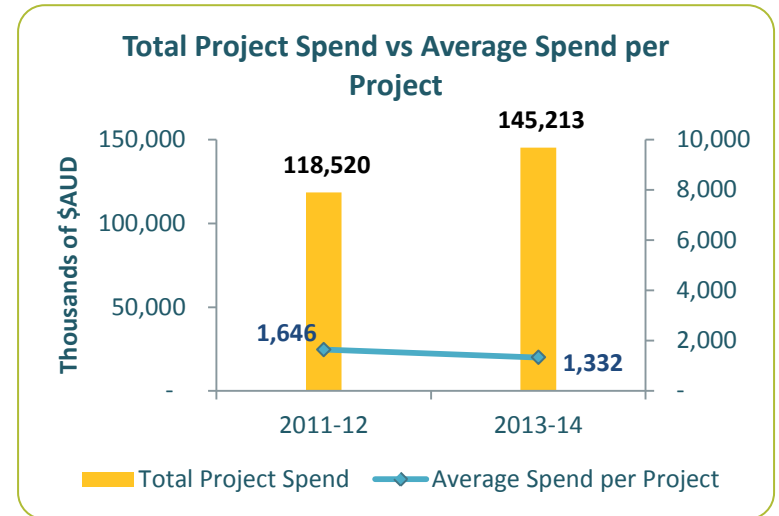# Analysis – SA Connected Key Principles
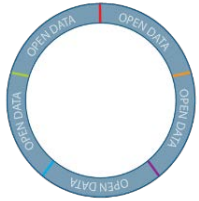
Innovating Now

An opportunity lens
We have a sense of urgency, and we know that if we manage the risks 'Embracing opportunities is rewarded'.

▶ ***Innovating Now***

- SA Government has increased its investment from $118.5M in 2011-12 to $145.2M in 2013-14 in transformational projects representing an increase in strategic innovation projects.

- Total spend per project has decreased from $1.6M in 2011-12 to $1.3M in 2013-14 demonstrating a small move from 'Large-scale solutions' to 'Incremental improvements. This also ensures SA Government is providing greater agility in supporting business change and the adoption of new and innovative ICT solutions.

- Between 2009-10 and 2013-14, the number of mobility devices has more than doubled. Since 2011-12. There has been a significant increase in the adoption of tablets and mobile devices with a data plan, corresponding with a reduction in the number of mobile phones with no data subscription.

Total Project Spend vs Average Spend per Project

Legend:
- Total Project Spend (bars): 2011-12 = 118,520; 2013-14 = 145,213
- Average Spend per Project (line): 2011-12 = 1,646; 2013-14 = 1,332

Left axis: Thousands of $AUD (0 – 150,000)
Right axis: (0 – 10,000)

Mobility Devices

- Tablets: 2009-10 = 140; 2011-12 = 1,893; 2013-14 = 11,575
- Mobile Phones: 2009-10 = 21,030; 2011-12 = 32,288; 2013-14 = 28,027
- Mobile Devices with data plan: 2009-10 = 1,999; 2011-12 = 4,139; 2013-14 = 11,911

Y-axis: Number of Devices (0 – 35,000)
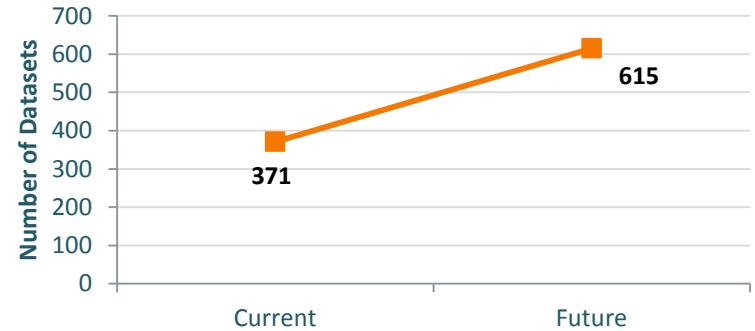
Analysis – SA Connected Key Principles

An enabling lens
Opening up government-held data assists us to make progress in each of the other perspectives. 'Enabling us to make better connections' in order to create shared value.
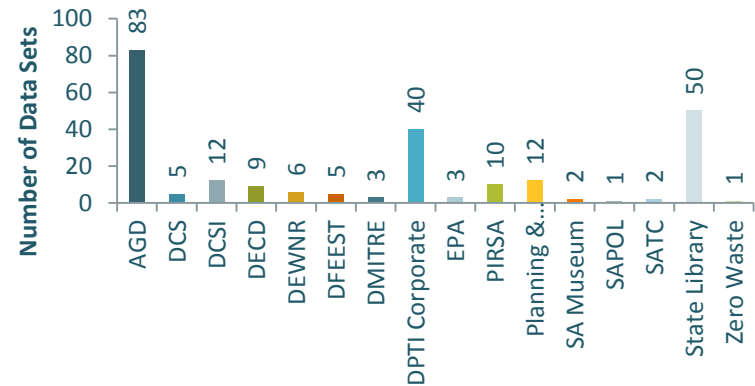
▶ ***Open Data***

- By September 2014 SA Government agencies had released 371 datasets with an open licence. Agencies believe this number will increase by 244 (or 66%) during 2014-15, to enable greater sharing of data. These figures do not include local councils.

- The program of work outlined in the Open Data Action Plan has provided agencies with valuable tools that support the release of open data. SA Government will continue to identify potential high value datasets and make them widely available so that experts and entrepreneurs can explore new services and unleash the economic value of the data we hold.

Agencies Expecting to Release Data Sets with an Open License

Current: 371
Future: 615

Agencies Expecting to Release Data Sets with an Open License

Agency	Number of Data Sets
AGD	83
DCS	5
DCSI	12
DECD	9
DEWNR	6
DFEEST	5
DMITRE	3
DPTI Corporate	40
EPA	3
PIRSA	10
Planning &...	12
SA Museum	2
SAPOL	1
SATC	2
State Library	50
Zero Waste	1

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Further information: CIOAdministrator@sa.gov.au