

Date: Tuesday, 27 February 2024 9:41:44 AM

Hi There

I had originally intended to submit an entry for the inquiry on developing sovereign tech capability but was working towards a deadline at the end of February, so unfortunately, I've missed the chance. I thought I might email you instead, I wasn't sure if you were still accepting submissions. I hope you're able to consider this.

I'm Katie, and up until late last year, I led the digital function, encompassing 800 engineering, design, and product employees at Service NSW for six years- I oversaw a significant amount of ICT procurement expenditure in this capacity. I have recently been appointed to the ACT Procurement Board and am now working tirelessly to get a tech startup off the ground. It's called See Me Please and plugs a global market gap to make digital services more accessible for people with disabilities, citizens who don't speak English well and people who are older than 70. One of See Me Please's goals is to create 300 jobs for people with disabilities in our first 3 years. Digital inclusion is tightly coupled with social inclusion so it's an important issue.

The combination of overseeing a team of 800 digital professionals and exercising discretion over external procurement decisions of a major ICT government department, sitting on a government procurement board, and founding a startup trying to engage with the government have provided me with a unique appreciation of government procurement shortfalls from numerous perspectives. I'd like to support your inquiry in any way that will add value. I've outlined a few issues in this letter as well as some suggestions.

I'll start by acknowledging this is a complex and vexed issue that most governments across the world are wrestling with. I'd encourage the committee to read *Recoding America, Why Governments are Failing in the Digital Age*. It's written by an ex digital executive for the US Government and beautifully articulates how most government agencies outsource their digital capabilities, that most if not all, internal bureaucrats working in digital actually try to navigate the beast of government procurement day in day out and what motivates the public service in exercising discretion over external expenditure and how fear of retribution if they go outside, or challenge the rules underpins most decisions. There are a few 1 hour podcasts on this book if you don't have the bandwidth to read it.

Insights from my time overseeing government ICT Expenditure

From my time in government overseeing millions of dollars in external ICT expenditure, Public procurement processes are often burdened with bureaucratic red tape, complex regulations, and lengthy procedures. These processes are designed to ensure transparency, fairness, and accountability in government spending. However, they can also be slow, rigid, and resource-intensive, making it difficult for smaller startups to participate.

I suspect the cost of some procurement processes outweighs the risk of fraud in many cases.

Public servants often feel compelled to adhere strictly to these processes (even when the outcome is compromised), fearing potential criticism or repercussions if something goes wrong. This fear and the procurement processes themselves lead agencies to favour larger consultancies over smaller startups, as the former are perceived as lower risk. The influence from procurement teams and the threat of not following the process (even when it's outdated) means that, smaller startups, even if they offer innovative solutions at a lower cost, struggle to compete on a level playing field and agencies get less value for money. By modernising procurement practices and fostering a more collaborative culture to ensure value, rather than solely measuring compliance to outdated procedures, governments can better harness the potential of startups and cultivate innovation to deliver value for taxpayer dollars. One key point I'd like to stress is that a shift in culture- having bureaucrats recognised and incentivised to engage with small to medium Australian enterprises is

equally if not more important than initiatives that reform procurement rules or policies.

More often than not, digital procurement decisions I was accountable for were in fact at the mercy of procurement advisors. This relentless and blinkered commitment to process compliance was often at the expense of valuable outcomes for taxpayer dollars.

Delegations were set so low that almost all external expenditure started to be classified as consultant spend (please note, I fully support initiatives to pare back consultancy expenditure). This in itself created a reluctance to engage with Australian businesses because bureaucrats wanted to avoid having to seek approval, via 20 different signatures or putting a request for external expenditure into the spotlight in fear of being reprimanded for going outside of policy.

ACT Procurement Board

I've been very impressed with the ACT Procurement. Refreshingly, they are committed to local employment and economic stimulus. And many conversations are centred around streamlining red tape and efficiencies over long-winded, non-value add procurement processes that bake in waste and administration overhead. While the Board has no delegated decision-making authority, their questions are pragmatic and largely focus on valuable outcomes for the ACT. I suspect this is largely attributable to Chair being a digital practitioner rather than a procurement expert who has firsthand experience of the perverse outcomes that a purest procurement approach can result in. Another example of their contemporary, value driven ethos is my appointment. I suspect they appointed me primarily because I'm a critique of government procurement spending an inordinate amount of time in the public service jumping through hoops that provide no value whatsoever.

Innovative SME Sovereign Capabilities & the Challenge of Selling into Government

For background, I've been collaborating with Disability Employment Services and Vision Australia to found See Me Please. Digital accessibility is complicated but watching people who are blind, use their screen reader with the services your team has created, sparks interest amongst the people who can enhance the service. A far more engaging approach to inclusion than an audit report.

See Me Please are not accessibility auditors, consultants or even experts. We just focus on providing digital teams with easy access to diverse and disabled citizens so they can observe how different customers navigate services using their assistive technologies and adaptations- we effectively aim to provide edge-case user testing. And in doing so we create employment for people with disabilities. We hire people who are blind, have low vision, are deaf, autistic, older than 70 and non-English speaking refugees to provide user testing insights for government agencies and enterprise organisations.

An authentic commitment to digital inclusion requires a more effective and impactful approach to 200 page conventional accessibility audit reports that are dense and lack a human perspective. The genesis of See Me Please was born from my frustrations trying to access insights on digital adoption and the efficacy of assistive technologies in a way that was relatable and engaging for the digital teams I was leading in the NSW Government. We aim to spark an interest in accessibility amongst the teams that develop digital experiences but building empathy. Our start-up is the only organisation in the world providing a one-stop-shop for digital teams to access diverse and disabled customers for user testing in a way that supports the fast, iterative nature of modern software development.

Upon starting See Me Please I engaged with many Commonwealth agencies. The product I've created goes to the heart of ensuring essential services leave no one behind. Further, it creates meaningful employment for people with disabilities. I'm also elated that See Me Please has also been accepted into the Commonwealth Government's new Industry Growth Program and holds promise of positioning Australia as a world leader in Accessibility Tech. I've met with numerous Commonwealth Government Departments who generally seem to see value and merit in our unique value proposition. But almost every time, procurement arises at the end of our conversation and I hear a sigh from senior executives from the public service when they learn that my business is not on any pre-approved panels. It's clear that this makes it very difficult for them to engage my services.

I've tried to access the ICT Digital Marketplace through the DTA, but the problem is they only open their panels periodically through a major call for tenders. There's no avenue for my business to even apply to become part of the marketplace. I must have impressed one agency in particular. I have not addressed this with them directly but I've observed them expend significant interest in seeking a sole-source engagement to utilise our services. It's taken far too many of their agency resources to engage a service that is low value, creates value uplifting their accessibility capabilities, creates employment for people who need it and ensures more accessible service delivery. Unfortunately for me, most agencies aren't up for the internal procurement battles, even if they do want to engage See Me Please. Often procurement conversations involving public servants are centered on criticism. Changing the deep-seated fear-mongering culture surrounding procurement requires positive recognition of those few in the public service who prioritise outcomes and value over complying with outdated policy. The digital leadership team at DEWR truly deserves a public service medal for taking the time to listen to Australian SMEs and finding a way to partner where it makes sense to do so.

SaaS

It's not just sovereign capability that needs to be considered. Technology has outpaced Government procurement processes and rules.

Arguably there is no higher or humbling responsibility than shaping how taxpayer dollars should be used. But preventing fraud and misuse of wholesome taxpayer dollars cannot be justified at any cost. When do extortionate costing processes and policies, that add little to no value, to prevent corruption become a gross misuse of taxes itself?

If Governments are genuinely interested in leveraging technology, there has to be recognition that a lot more than a handful of seamless digital experiences or a cool digital credential is needed to be successful. Technology has progressed. No organisation in the tech industry can compete, scale or innovate without the use of SaaS in some facet of their business. Sure some people in Government recognise the flexibility, innovation, the revolution that comes with using SaaS. But the processes and the policy haven't kept pace.

SaaS is low cost, beautifully designed, scalable, and easy to implement. Parking (not dismissing) privacy and data sovereignty for a moment, lets assume you want to trial a collaboration tool like Slack or Workplace by Facebook. Or new accounting software, or a new insights and analytics tool. You spend 30 seconds creating an account, agree to the T&Cs and sign up for a free trial. How easy! That's by design. That's the way of the world for SaaS that so many businesses and individuals rely on.

Nope. This is forbidden in the public service. Well, at least that's what the policy and process that many turn a blind eye to.

The antiquated, irrelevant and out-of-date digital procurement processes deeply rooted in governments could be mistaken for arrogance. The procurement purists and digital innovators working together create inordinate tension. Government cannot innovate while it's operational processes shackle agencies to traditional, risk-averse, bespoke, paper-pushing ways.

Tech powerhouses that offer SaaS solutions shrug their shoulders to the old world. Don't like the T&Cs, don't buy our products. We don't care who you are, we're not interested in your negotiations, they slow us down and bake in unjustified admin costs.

Well that doesn't fly for the public sector either. So what's the workaround, the path of least resistance? A reseller! Governments engage a middleman. An organisation to negotiate with, so the government can tick the box and meet its process to store an individual contract on the contract register. A contract that has taken two years to negotiate, with many many lawyers, an army of exhausted and frustrated digital public servants reviewing countless versions and 30 individual approvals.

The worst part in all of this - many of these reseller contracts have no sway or merit with the actual software provider. All these terms, all these promised enhancements or new features are negotiated

by these random resellers just to be ignored. government wants to use this shiny new product and they know that they're the only way.

But that's the cost of doing business in Government. Ultimately the taxpayer is footing the bill. To make matters worse, many resellers are the big consultancies. If Government wants to buy Slack or Okta, they actually cut a contract with IBM, Accenture or Deloitte.

Not to mention the 30% mark up of price required for this contract. Let that sink in for a moment. 30% mark up! For what? A contract full of hot air. A ridiculous premium for a process to be met? Australian Governments spend hundreds of millions of dollars on SaaS each year, that's tens of millions of dollars for a middleman who can allow the box to be ticked. For the process that serves little to no purpose. There are hundreds if not thousands of these engagements across the government. A contract for contract's sake, because no one likes the standard T&Cs.

There are many sharp, intelligent innovators at the helm of different agencies or in office. So what's getting in the way of true digital transformation of government services that almost everyone relies on?! It's the deeply rooted processes that thousands of public servants blindly follow day in, and day out.

The worst policies and processes are those procurement policies that have been designed to prevent corruption. They've been developed with only a single dimension of risk in mind. One rotten public servant does the wrong thing with a tech vendor, Corruption Investigators action tip-offs and provide written recommendations. The recommendations come from Corruption or Audit Offices, so without question, they must be implemented. But there's an unspoken problem - what's the cost of this process? And as technology progresses, is this cost justified or even make sense?

Do these elusive Procurement Boards that oversee procurement standards in the public service understand the unintended cost that comes with such rigid, irrelevant procurement requirements? Or is this an example of a decision by committee and procurement purists, an entirely separate issue, where no one is accountable?

Those tight fraud or corruption processes are shackling the government and wasting tax payer funds at a staggering cost. And there's too much fearmongering from within to stare into more fit-for-purpose, contemporary anti-corruption solutions.

The deep-set process and procurement policies desperately need to be overhauled.

Suggestions

- Require 30% of external public expenditure to be spent on Australian SMEs. Importantly,
 - use this as a measure of performance for Secretaries,
 - require the proportion of local external expenditure to be disclosed in annual agency reports;
 - require the Audit Office to include local expenditure as a performance audit for each agency's audit roadmap; and
 - noting governments are inherently hierarchical. Require the proportion of SME expenditure to be reported to the Secretaries Board each quarter and even consider a sub-committee of Cabinet to review external expenditure with SMEs periodically.
- Review the composition of Procurement Boards to ensure participation comprises of digital practitioners, not just procurement or finance experts.
- Ensure the Terms of Reference for Procurement Boards is to strike a balance between control and risk management with innovation, local sovereign tech capabilities and value.
- Measure Procurement Boards (and agency Procurement Teams) not only on compliance but also on the number of enhancements and improvements to procurement policies they've implemented to ensure the policy remains fit for purpose and creates an even playing field for all Australian SMEs.
- Carry out an audit of external ICT expenditure across six major agencies to ascertain how easy it is for Australian businesses to prepare a submission as well as how accessible the

tender process is for disability and non-English-led businesses to participate in the process. Ensure this is done objectively and with direct feedback solicited rather than a field asking how many hours it took the proponent to prepare a submission.

- Open the ICT Digital Marketplace, always. There is no need for a periodic tender process.
- Investigate the value (or waste) involved in engaging big resellers to procure SaaS versus reforming procurement processes and underpinning standard ICT terms to enable the government to consume SaaS services directly.
- Set a target to reduce dependency on resellers by 50% in 3 years without eroding the public service's ability to procure SaaS.

And finally, I open my LinkedIn feed and I'm inundated with senior bureaucrats and Ministers posting photos with global tech companies. I understand they want to be seen collaborating with the most innovative companies across the world. I don't suggest removing their ability to post with global tech players, but I do see value in updating all government social media policies requiring government officials to post two photos with Australian SMEs for every photo posted with a global player. This sort of exposure can mean so much to small businesses.

I appreciate the work you're leading and would love to help in any way I can.

Warm regards and all the best with it.

Katie McDermott

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See Me Please

www.seemeplease.com



Image: Is of the 'See Me Please' logo, which is our business name, a busy but beautiful illustration of a brain and a wheelchair