ICT Procurement Task Force Consultation Paper

Background

This submission is prepared by Yellowfin, an Australian [Business Intelligence](#) (BI) and [analytics software](#) vendor headquartered in Melbourne. Over 10,000 organisations, and more than 2 million end-users across 70 different countries, use Yellowfin every day.

Founded in 2003 in response to the complexity and costs associated with implementing and using traditional BI tools, Yellowfin is a highly intuitive 100 percent Web-based reporting and analytics solution. It is a leader in Mobile BI, Collaborative BI and Embedded BI, as well as Location Intelligence and [data visualisation](#). Yellowfin is also the only Australian BI and Analytics vendor to be positioned on Gartner's Magic Quadrant, and it has earned this recognition for the past three years consecutively.

From our reading of the consultation paper, the Taskforce has a strong understanding of the strengths and weakness of the Government ICT procurement processes. Rather than create a verbose submission that rehashes these issues we chose to provide brief remarks that highlight the items that are key to us as an Australian software company and to provide anecdote or nuance were possible.

Rules

While internationally very successful Yellowfin has not actively pursued the Australian Government market due to the time, cost and risk associated with entering panel agreements or competing on complex and risky RFTs. As the biggest procurer of software in the country, the Australian Government makes it extremely difficult for Australian software vendors to sell into them. Its highly risk-adverse approach to procurement and the cost and complexity associated with working around the rules and restrictions, simply puts government procurement out of reach for Australian technology software companies. We believe that, conversely, the Australian Government should be the 'engine room' for Australian innovation.

Due to the complexity of working with the Australian government, at Yellowfin we chose to put our efforts into selling into commercial enterprises around the world, as well as focusing on International Governments where there is a better return.

We feel it's a sad anecdote that as a leading Australian software company our success was largely possible because we focused on growth outside Australia and foreign Governments (namely the US & UK) that were much easier to do business with. Since the Government is the largest Australian procurer of software, this is a missed opportunity to enable an Australian high-tech industry that can generate skilled employment and create new industries.

We agree strongly with the Taskforces observations about Panels. While they deliver efficiency benefits, they also create a barrier to the adoption of innovation and are overly

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burdensome on local software development companies. In our view, only multinational vendors have the resources, budget and scale to properly leverage the Panel approach.

The RFT is an important tool for procuring and implementing large, complex and custom systems. However, times have changed and increasingly IT systems are low cost, standardised designs which need a simpler, lightweight procurement method. The digital market is a potential option that we have not yet looked at but will investigate. We strongly support any efforts to streamlining the procurement rules for smaller, lower cost systems, e.g., less than $1M, to speed up procurement and reduce the burden on SME vendors.

The traditional Panel and RFT procurement processes are project centric and are managed to a budget, timeline and feature set. This is appropriate for "business as usual" but is the antithesis of innovation which requires the freedom to take a calculated risk, to experiment and to fail.

What is required is a formal, low cost, low friction procurement method to engage the expertise of a vendor to define and run a "Clinical Trial". This is not a product evaluation, or a proof-of-concept, but a controlled experiment in innovation where the expertise of the vendor is purchased to help identify hypotheses; design and explore new business models, processes and technologies; evaluate the learnings and formally publishing the findings.

This should not be a free service that a vendor offers to win the more valuable project work, but a vital service for which the vendor must be well compensated to deliver an effective Clinical Trial.

Culture

The consultation paper captures a key issue in culture being Government risk aversion, where the preference is to transfer all risk to a vendor. For Australian SME vendors, such as Yellowfin, this creates a further barrier to entry. We are not designed to carry all procurement risk and consequently it limits our growth in our home market. For the Government, this means overlooking exceptional local software that might do a better job, and be at a better price, while supporting the local industry and creating skill jobs.

From our perspective, the fundamental issue is Government employees have no incentive to take a risk - indeed they have every reason to avoid it. If the Departments were willing to take on certain aspects of risk they can better manage, then Yellowfin would be better positioned to partner with the Government by taking on the aspects of risk that we can best manage.

Sponsorship

From our experience with Enterprise clients we've learnt that a great senior sponsor makes significant difference to the to the success of the partnership and to the long-term delivery of value to the organisation.

Large multinationals, with their extensive account teams, have a significant advantage as they are better resourced to "meet and greet" senior sponsors. SME vendors, who often

have a relatively small dedicated Canberra presence, often find it challenging to develop the same level of relationship with senior sponsors. This creates a negative spiral where the SME vendor wins little business and hence continues to invest less resource into Canberra.

Industry Catalyst

The culture of Silicon Valley been one of the great driving forces of the high-tech industry. While it's not possible for the Government to recreate this in Canberra, as the single largest buyer of high technology, it could play a major role as an industry catalyst.

We encourage the Taskforce to consider how procurement can help enable local industry by:
- Thinking of the Australian industry as a portfolio of SMEs that can be integrated and directed to complete a project – an Australian Technology Ecosystem that provides a platform for SMEs to trade into government
- Creating block grants to work on Clinical Trials from which new products and services are created. These would be strictly limited to Australian SMEs and incentivise the departments to work with local organisations.
- Continue to expand the commitments to buy Australian Software and to establish a strong home market.
- Look at what other governments, such as Singapore or Ireland, have done and borrow the successful idea.

We have not seen a better time to undertake such an initiative given the current value of the Australian Dollar and the high level of Australian skills for developing software. Yellowfin is 100 percent developed on Australian shores. In our view, Australian software development skill levels are amongst the highest in the world and there is no better software development 'bang for buck' that right here in Australia.

Recommendations

- The RFP and Panel be retained but restricted to large and complex projects.
- Create a wider range of procurement models that cover a range of project costs, risk and benefit profiles.
- Create an SME Australian Technology Ecosystem as collaboration community and procurement platform for Government.
- Implement a Clinical Trial procurement method where Government can engage with expert local software companies to formally experiment and innovate.
- Look at ways to encourage employees and departments to take on, rather than divest, the risks they are best able to carry. This might include bonuses, promotions and access to additional budgets.

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