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By email

PRIVATE AND CONFIDENTIAL: LEGALLY PRIVILEGED DOCUMENT

RE: SUMMARY OF OUR REVIEW OF ESKOM ICT BIDS

1. Introduction

Following a news article by Africa News 24-7, dated 15 April 2018 (media article), which, we understand, has subsequently been withdrawn, due to inaccuracies and unconfirmed information, we were requested by EOH to review six Eskom ICT bids to ensure that good governance was followed and to determine whether EOH complied with the mandatory minimum requirements in terms of reference letters from customers. This review forms part of our monitoring of EOH's public sector bidding process in order to improve their governance framework.

2. Scope of our Review

2.1. ENS was requested to review the minimum mandatory requirements of the respective bids in question, specifically whether the reference letters from customers provided by EOH were adequate. This review was limited both by time available and access to all EOH staff and all relevant documentation.

2.2. We received a complete set of soft copies from EOH for the following Eskom bids listed below:

2.2.1. CORP 4178: Cross-Functional and Cloud Services;

2.2.2. CORP 4179: Service Desk;

2.2.3. CORP 4219: Infrastructure as a Service (Central);

2.2.4. COPR 4220: Infrastructure as a Service (Regional);

2.2.5. COPR 4221: End User Computing (Central); and

2.2.6. COPR 4222: End User Computing (Regional).

2.3. Our review focussed on customer reference letters mentioned in the media article and the references included in EOH's submission to Eskom as part of each of the EOH bid submissions to Eskom.

### 3. Review of EOH ICT bids submitted to Eskom

We reviewed the EOH bids submitted to Eskom with a specific focus to determine if EOH complied with the mandatory minimum requirements in terms of reference letters from customers. The purpose of these references is to confirm that EOH has previously done similar work at companies the same size as Eskom.

#### CORP 4178: Cross-Functional and Cloud Services

3.1. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia:

3.1.1. Proof that the tenderer currently manages a Cloud Management platform; and

3.1.2. Proof will be required in the form of a customer CIO or CFO attestation of such.

3.2. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.

3.3. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.

3.4. The customer reference letter submitted by EOH was obtained from Glocell (Pty) Ltd, which confirmed that EOH currently provides a Cloud Management platform.

#### CORP 4179: Service Desk

3.1. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia, that:

3.1.1. Supporting more than 10 000 users with a currently operational service desk platform facilitating more than 30 000 calls per month within the last three years; and

3.1.2. Proof will be required in the form of a customer CIO or CFO attestation of such.

- 3.2. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.
- 3.3. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.
- 3.4. EOH submitted reference letters from the following customers indicating that it supports more than 10,000 users with a currently operational service desk platform facilitating more than 30,000 calls per month within the last three years:

Customer	Number of Users	Number of Calls	Period
SASSA	9,000	6,500	2015 ongoing
Sasol	29,263	30,000	4 years
National Prosecuting Authority	2,800	1,300	3 years
Department of Justice & Constitutional Development	20,000	17,000	3 years

CORP 4219: Infrastructure as a Service (Central)

- 3.5. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia, that:
- 3.5.1. The vendor must proof (prove) that they are currently an Infrastructure as a Service provider with local presence ;
- 3.5.2. Proof will be required in the form of a customer CIO or CFO attestation of such ;  
and
-

- 3.6. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.
- 3.7. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.
- 3.8. EOH submitted reference letters from the following customers indicating that they are currently an Infrastructure as a Service provider with local presence:

Customer	Technical Capability Question	Response
Department of Justice and Constitutional Development	Have you supported + 1,000 physical servers running windows server, Linux and Unix between 2014 - 2017? Have you supported + 2,000 virtual servers hosted on VMWare and PowerVM between 2014 - 2017?	Number of Physical Servers = 1,300 Number of Virtual Servers = 1,032 Period = 1 August 2015 to 30 November 2017
SA Express Airways	Have you previously supplied and supported an On-Premise private IaaS environment?	Period of Service = 3 years
PG Bison	Have you previously supplied and supported an Off-premise private IaaS environment?	Period of Service = 5 years
MDA Property Systems	Have you previously supplied and supported a Public IaaS environment?	Period of Service = 1 April 2016 to 31 March 2019
Fox ITSM	Is the Tenderer at minimum ITIL v3 maturity level 3 rated by an independent authority?	Level 4
National Prosecuting Authority	Has the Tenderer previously implemented a minimum of three of the continuous service improvement	Yes, Period of Service = 2015 until present

Customer	Technical Capability Question	Response
	processes required at a previous customer?	
National Prosecuting Authority	Will the Tenderer implement all of the continuous service improvement processes required at a previous customer at Eskom?	Yes

COPR 4220: Infrastructure as a Service (Regional)

3.9. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia, that:

3.9.1. The vendor must prove that they are currently an Infrastructure as a Service provider with local presence; and

3.9.2. Proof will be required in the form of a customer CIO or CFO attestation of such.

3.10. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.

3.11. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.

3.12. EOH submitted the same reference letters as for CORP 4219 indicating that they are currently an Infrastructure as a Service provider with local presence. It should be noted that EOH neglected to change the title of the reference letters to reflect CORP 4220.

COPR 4221: End User Computing (Central)

3.13. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia, that:

3.13.1. Supporting a minimum of 1300 users in the last three years; and

3.13.2. Proof will be required in the form of a customer CIO or CFO attestation of such.

- 3.14. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.
- 3.15. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.
- 3.16. EOH submitted reference letters from the following customers indicating that is capable of supporting more than 1300 users:

Customer	Number of Users	Period
Sasol	29,263	3 years
Department of Justice & Constitutional Development	20,000	2 years
Barloworld Corporate Office	7,000	3 years

- 3.17. EOH submitted reference letters from the following customers indicating that they have had the technical capability for the last three years:

Customer	Period
Sasol	J uly 2014 to J uly 2017
Department of Justice & Constitutional Development	J uly 2014 to J uly 2017
National Prosecuting Authority	J uly 2014 to J uly 2017

COPR 4222: End User Computing (Regional)

- 3.18. Clause 3.13 pertaining to the special conditions of the Request for Proposal requires, inter alia, that:
- 3.18.1. Supporting a minimum of 1300 users in the last three years; and
- 3.18.2. Proof will be required in the form of a customer CIO or CFO attestation of such.
- 3.19. Clause 13.3 further states that Tenderers who do not meet the above mentioned special conditions of tender, will be deemed to have submitted an unacceptable tender and will be disqualified.

- 3.20. Our review of the bid document confirmed that EOH submitted the mandatory customer CIO or CFO attestation required.
  - 3.21. EOH submitted the same reference letters as CORP 4221 indicating that they have proof of its capability to support more than 1300 users and have had the technical capability over the last three years.
4. Summary of interviews with EOH employees
- 4.1. We interviewed several members of the EOH bid team relating to the Eskom bid. The information derived from the interviews is summarised below:

## 5. Summary of Findings

- 5.1. Our review has confirmed that the minimum mandatory requirements in respect of the Eskom ICT bids (specifically Annexure K) have been met.
- 5.2. The news article is possibly a deliberate action from a competitor.
- 5.3. We have issued separate recommendations to further enhance governance and compliance in respect of the EOH public sector bidding process.

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## 6. LIMITATIONS

- 6.1. The procedures followed in the fact-finding review do not constitute an audit in accordance with Generally Accepted Auditing Standards and ENS does not express an audit opinion. For the sake of clarity, the findings of the review do not form part of any audit report.
- 6.2. Although ENS endeavoured to be as comprehensive as possible in gathering information, it cannot guarantee the accuracy or completeness of information obtained from external sources.
- 6.3. Although ENS has taken reasonable steps to ensure that the information obtained is authentic, it cannot guarantee the authenticity of the information. The findings of ENS are based on information at hand at the date of the report; as such ENS cannot conclude that it has had sight of all relevant information.
- 6.4. The report is based on the facts established from the documentation reviewed and the information obtained during the course of our review. Should ENS receive any additional information after the date of issuing this report, the findings and recommendations may change.
- 6.5. This report is to be used solely for the purposes of providing a summary of our review to Bowmans and it is subject to the limitations as set out in this paragraph. This report may not be used for any other purpose, without our prior consent.
- 6.6. Information is provided to EOH on the basis that it will remain confidential and will not be disclosed to any 3<sup>rd</sup> party, unless agreed to in writing.