

» Operational Reports

Industry Verticals

Federal Government



Peter Youill
Director, Government

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» Environment

Since the Federal Government's IT Infrastructure Outsourcing Initiative was introduced in 1997, government departments have continued to seek cost efficiencies for their information technology requirements. Recently, selective outsourcing as an ICT strategy within the Federal Government sector has seen the unbundling of ICT service contracts, and a more flexible, collaborative approach to service delivery.

With the Federal Government being intensely services-oriented, its activities are measured through consistent provision of service delivery. It is therefore heavily reliant upon system availability and reliability, and this is a trend that is likely to continue to impact upon ICT decisions.

In the Federal Government market, some departments are looking more philosophically at the best way to selectively outsource so they can maintain a capability to alter their ICT approach in line with changing business requirements. Typical areas being considered for selective outsourcing are desktop maintenance and support, network provision and management, secure server and gateway hosting, disaster recovery site hosting, service centres, and applications development on a project basis. Wide area data networks, including VPNs via the Internet, are an integral part of departmental applications systems these days, so data security requirements are high on the agenda.

In delivering these services, ICT service providers are expected to prove their credentials in terms of complying with AS/NZS

information security management standards and demonstrate their achievement in being certified to ASIO-T4 and DSD security protection levels.

» Key contracts and initiatives

Federal Government contract negotiations are increasingly being carried out in an environment of significant industry downturn, and price-based competition is fierce. CITEC has maintained many of its long-standing clients within the Federal Government sector including ACT Government, Federal Department of Transport, and Federal Department of Family and Community Services.

Our relationship with Canberra Connect led to the current contract for the supply of electronic payment services being extended for another 12 months to 30 June, 2005.

In December 2003, CITEC took the decision to retire the Payroll and Payment Management System (PAPMS) on 30 June, 2005. During the past four years many of PAPMS' original clients had indicated their need for an expanded range of services and integrated products to better meet commercial requirements.

The PAPMS suite, being no longer a viable solution given the innovations and cost-savings alternative technology can offer, would impact our clients financially as fewer clients continued to use these systems. CITEC will continue to provide the services using the Aurion and payroll disbursements application. This will allow clients to access a fully integrated, modern HR/payroll application.

» Going forward

It is expected that selective outsourcing will continue in the Federal and ACT Government market place, and longer term, front and back-end activities will need to be integrated to ensure seamless delivery of services regardless of agency structure and hierarchy.

The major 'tier one' players (EDS, CSC, and IBM GSA) will focus their efforts on retaining their existing large contracts, and in developing opportunities with the larger portfolios such as Defence, Taxation, Welfare and Health. They are less likely to compete for the selective outsourcing opportunities because of the low monetary value of the opportunities. This will leave the way open for stronger competition from players such as CITEC, with its exceptional credentials in the government space.

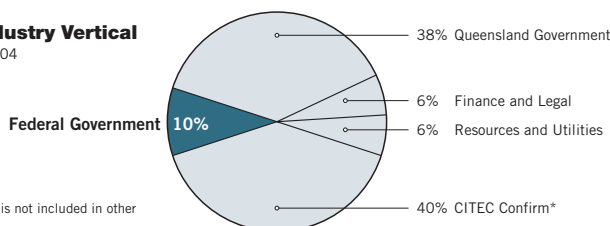
To win new business, CITEC will focus on enhancing its presence and reputation as both a high quality supplier to government and one that understands the culture of its clients. We will work to build on our AS/NZS 7799.2:2003 Information Security Management Systems certification to offer higher levels of security, and seek to team with other organisations to pursue large government contracts.

Transferring existing PAPMS clients to an appropriate alternative will continue to be a priority. Discussions are already well under way to provide those clients with an Aurion-based solution. Where this is not viable, CITEC will provide advice and guidance to help clients move to a solution of their choice. Meanwhile, for the financial year 2004/05 all major service contracts will continue.

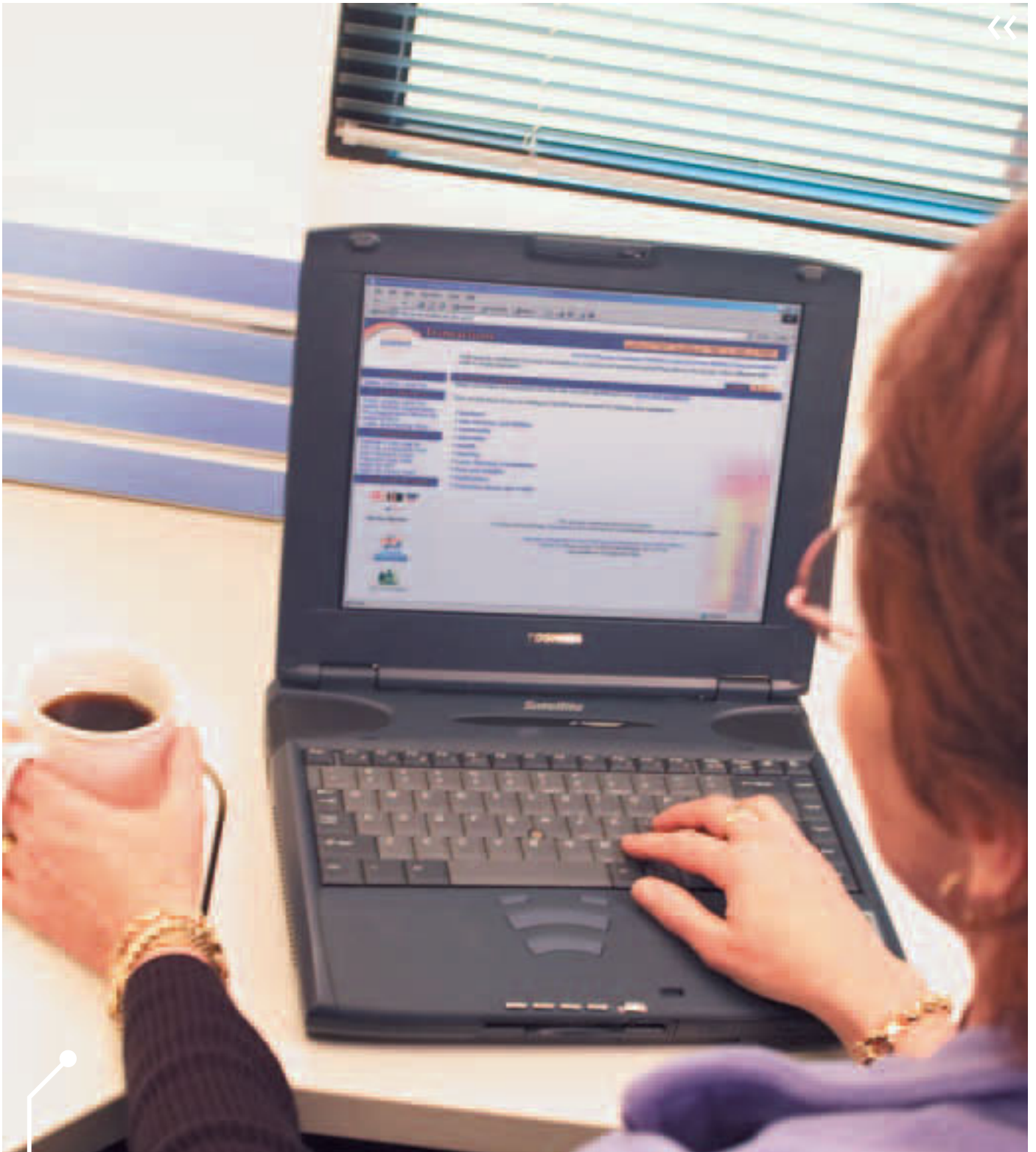
CITEC is expanding its sales force in Canberra and is confident that a marketing program focused on informing the market of its new and better capabilities, accompanied by a larger dedicated sales force, will enable CITEC to take advantage of the new selective outsourcing opportunities expected in the Canberra marketplace.

» Revenue by Industry Vertical

Year ended 30 June 2004



* CITEC Confirm revenue is not included in other industry vertical results.



» As part of a broader e-government strategy, Canberra Connect required an Internet trading portal and integrated voice response (IVR) facility. The ACT Government looked to CITEC to provide the necessary expertise in developing a one-stop shop Internet portal and associated automated payments processes. Now, for the first time, the Canberra community has 24 hours a day, seven days a week access to a wide array of government services - from paying bills to more complex payments such as payroll tax.