

REQUEST FOR QUOTATION

DEVELOPMENT AND EXECUTION OF AN ICT SPEND OPTIMISATION STRATEGY AND ROADMAP

1. INTRODUCTION

The Passenger Rail Agency of South Africa (PRASA) is in the process of re-genesis, re-establishing its services, and taking its rightful place in the mobility service in South Africa post the COVID-19 shutdown. The aim is to leapfrog competition through digitization and solid technology blocks. This Request for Quotation (RFQ) seeks to engage a qualified vendor to develop and execute on an ICT Spend Optimisation Strategy and Roadmap that will help PRASA manage existing ICT spend in order to afford its digital transformation journey.

2. BACKGROUND

PRASA's strategic vision is to be the leader in passenger transport solutions in South Africa, providing safe, reliable, and affordable services. PRASA's structure comprises various operational units, including Metrorail, Shosholoza Meyl, and Autopax. The organization aims to enhance its service offerings through technological advancements, improved infrastructure, and a customer centric approach. Key strategic goals of PRASA include:

- **Enhancing Customer Experience:** Through modernized and efficient service delivery.
- **Operational Excellence:** By leveraging technology to improve operational efficiency.
- **Sustainability:** Ensuring financial and environmental sustainability in operations.

PRASA faces the challenging task of optimising its Information and Communication Technology (ICT) spending to address both present demands and future needs. As the organisation seeks to modernise its infrastructure and deliver on its commitment to more reliable rail services, optimising ICT spend is a strategic imperative. However, achieving this requires balancing three critical areas: **transparency into current ICT spend, optimisation of existing spend, and reinvesting savings to fuel future growth.**

2.1. Transparency into Current ICT Spend

To unlock meaningful optimisation opportunities, PRASA needs to gain comprehensive **visibility** into its existing ICT budgets and cost structures. Historically, ICT budgets have been spread across multiple projects, departments, and vendor agreements, leading to fragmented oversight. There are three main aspects where transparency is needed:

- **Insight and Analysis:** PRASA requires a consolidated view of ICT spending across the enterprise to fully understand where costs are concentrated and how resources are being utilised.
- **Complex Commercial Agreements:** The agency's current vendor contracts and licensing agreements are often intricate and challenging to interpret, making it difficult to assess whether PRASA is receiving full value from these engagements.
- **Alignment of Technology with Business Priorities:** PRASA must ensure that ICT investments are not only cost-effective but also closely aligned with business goals, particularly in improving rail operations, customer experience, and revenue collection.

2.2. Spend Optimisation

Beyond gaining transparency, PRASA must take concrete steps to **optimise existing spend** through targeted measures. Two key areas for focus include:

- **Demand Rationalisation:** PRASA needs to identify and eliminate redundant, overlapping, or low-priority ICT services and solutions that do not deliver measurable value to the business. Rationalising demand will help ensure that technology investments directly support operational needs and strategic priorities.
- **Supplier Management and Negotiation:** Effective engagement with technology vendors and service providers is essential to drive cost efficiencies. This includes revisiting existing contracts, leveraging economies of scale, renegotiating terms where applicable, and managing vendor performance to ensure maximum value for money.

2.3. Fuelling Investment for Future Capabilities

Optimising ICT spending is not just about cost reduction; it is also a crucial step toward **unlocking funds for future investment.** As PRASA aims to modernise its infrastructure,

enhance operational efficiency, and improve customer experience, it must develop **critical IT capabilities** that will support these objectives.

3. OBJECTIVES

The primary objectives of this RFQ are as follows -

3.1. Understand the End-to-End ICT Spend and Develop a Comprehensive Spend Analysis

Provide a complete picture of PRASA's ICT spend across all departments, vendors, and initiatives and develop a granular spend analysis to identify cost drivers, hidden inefficiencies, and spending patterns. This will offer transparency into where the budget is allocated, allowing informed decision-making.

3.2. Define Areas for Cost Review and Develop a Roadmap for Optimisation Initiatives

Identify potential opportunities for cost reduction through demand rationalisation, vendor negotiation, and process optimisation, creating a clear and actionable **roadmap** of initiatives that outlines how these cost reductions will be achieved, prioritising areas with the highest impact.

3.3. Execute the Roadmap and Ensure Value Realisation from Cost Savings Identified

Implement the optimisation initiatives, track progress, and ensure savings are realised to deliver measurable value by ensuring that identified cost savings translate into tangible business benefits. These savings will then be reinvested into critical IT capabilities to fuel PRASA's future growth.

4. SCOPE OF WORK

The scope of work for the ICT Spend Optimisation Strategy and Roadmap, includes, but is not limited to -

4.1 Phase 1: Spend Analysis

Conduct a complete analysis of PRASA's ICT spend, covering the following areas:

- Software and Licensing
- Data Centre Spend
- Network and Mobile
- Internet-Connected Devices and IoT

- Cloud
- ICT Labour
- Telecom Expenses
- **Key deliverable:** Cost Baseline Analysis

4.2 Phase 2: Reduction Review and Roadmap development

Identify opportunities for cost savings and developing a roadmap to achieve them. Key activities include -

- identify areas for cost savings
- develop initiatives to enable savings
- create a roadmap for savings realisation

5. MINIMUM REQUIREMENTS

Interested vendors must submit the following information for evaluation -

- Company profile, including experience and qualifications in developing and executing ICT spend optimisation
- A detailed ICT Spend Optimisation Methodology,
- Timelines for the project completion. Phases 1 and 2 must be completed within 3 months. Phase 3 can be up to 2 years 9 months. Total duration should not exceed 3 years.
- Reference letters from 2 clients where cost savings were realised.
- Project team composition and CVs of key proposed personnel.

6. SUPPLIER BRIEFING

There is no briefing session for this RFQ.

7. EVALUATION PROCESS

Interested bidders for this project shall be evaluated in terms for their administrative responsiveness, substantive responsiveness, technical/functional (capacity testing) evaluation and preference points. The evaluation committee shall use the following Evaluation Criteria depicted in table below for the selection of the preferred bidder that shall render / deliver the required works, goods and / or services

Evaluation Process

Stage 1A - Mandatory Compliance	Substantive responsiveness (mandatory)
Stage 1B - Basic Compliance	Administrative Responsiveness
Stage 1C - Technical Compliance	Mandatory Technical Compliance
Stage 2 - Technical/Functional Criteria	Testing of capacity – meet minimum threshold of 70%.
Stage 3 - Preference Points	100
Price	80
Specific Goals	20

7.1 STAGE 1 - Mandatory and Basic Compliance Requirements (Substantive and Administrative Responsiveness)

If a supplier / bidder does not submit the following documents the Proposal will be disqualified automatically-

No.	Description of Requirement	Compliant
a.	Completion of ALL RFP documentation (includes ALL declarations, ALL Standard Bidding Documents (SBD) and Commissioner of Oath signatures required)	
b.	Signed Joint Venture, Subcontract, Consortium Agreement or Partnering Agreement (whichever is applicable)	

7.2 Stage 1B - Basic Compliance Requirements (Administrative Responsiveness)

If you do not submit the following basic compliance documents your bid may be disqualified and these documents must be made available within a specified period should an award, be made e.g. 7 days

No.	Description of Requirement	Compliant
a..	Original or certified B-BBEE certificate issued by SANAS (Certificates issued by IRBA and Accounting Officers have been discontinued, however valid certificates already issued before 1 January 2017 may be used until they phase out completely by December 2017) Bidder to include Affidavit for QSEs and EMEs. In cases of JVs or consortiums, a combined B-BBEE certificate in the name of the JV/Consortium must be submitted	
b.	CSD supplier registration number (should a bidder not registered on CSD, the bidder will be afforded 14 days after the closing date to register accordingly)	
c.	A valid and Original Tax Clearance Certificate (valid as at the closing date of this RFP) Or supply SARS Pin	
d.	Company registration documents	
e.	Copies of Directors' ID documents	

7.3 Stage 1C – Mandatory Technical Compliance Requirements)

If bidder does not submit or meet the following technical mandatory compliance requirements, the bidder will be disqualified automatically.

No.	Description of Requirement	Compliant
a.	The bidder must provide 2 verifiable reference letters where ICT spend optimisation work was carried out, and cost savings where realised. Letters must be on the client's letterhead – Annexure C.	
b.	Bidders are required to submit a detailed ICT Optimisation Methodology and approach	
c.	Bidders are required to submit a consent letter / form signed by the resource whose CV is being submitted. The consent letter must be dated not older than 60 days from the publication date of the RFQ. (sample consent letter provided – Annexure B). The CV will not be considered if the signed consent letter is not submitted.	

7.4 STAGE 2 - Technical / Functionality Requirements

Qualifying bidders shall be evaluated on technicality / functionality after meeting all compliance requirements outlined above. The minimum threshold for the technical/functionality requirements is 70%. Bidders who score below the minimum requirement shall not be considered for further evaluation in stage 3.

No.	Criteria	Weight
1.	Company Experience	45
2.	ICT Spend Optimisation Methodology	35
3.	Expertise and project team experience	20

Details of the scoring methodology presented above are outlined below: (Points are allocated/calculated out of 5).

Points will be allocated for the following Criteria	Experience Evidence required (This must not be ambiguous)	Maximum Score
Company Experience		45
Similar projects Completed – ICT Spend Optimisation	Number of Completed Similar Projects: • Two reference letters attached = 5 points • One reference letter attached = 3 points Failure to meet the above = 0 Points	45

ICT Spend Optimisation Methodology		25
Approach and methodology in ICT Spend Optimisation	- Clearly defined Methodology and Approach including high level project plan with key execution milestones = 5 points. - Methodology and Approach provided but not clear and without Project Plan = 3 Points. Failure to meet the above = 0 Points	25
Expertise and Project Team Experience		20
ICT Spend Optimisation Lead	With NQF level 8 Post Grad in Business Management or Information Technology or Computer Science AND 7+ years' experience as an ICT Spend Optimisation Consultant = 5 points Failure to meet the above = 0 Points	15
ICT Spend Optimisation Specialist	With NQF level 7 in Business Management or Information Technology or Computer Science AND 4+ years' experience as an ICT Spend Optimisation Consultant = 5 points Failure to meet the above = 0 Points	5
Total Points		100

Note: A score of zero (0) on any evaluation criteria item will lead to automatic disqualification.

7.5 STAGE 3 - Pricing and Specific Goals

The following formula, shall be used to allocate scores to the interested bidders: The maximum points for this tender are allocated as follows -

Details	Points
Price	80
Specific Goals	20
Total	100

FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES POINTS AWARDED FOR PRICE THE 80/20 PREFERENCE POINT SYSTEMS

A maximum of 80 points is allocated for price on the following basis -

80/20

$$PS = 80 (1 - \frac{Pt - Pmin}{Pmin})$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmin = Price of lowest acceptable tender

POINTS AWARDED FOR SPECIFIC GOALS

In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender.

For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender -

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this RFQ	Returnable	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (80/20 system) (To be completed by the tenderer)
Black Women Owned	Certified copy of ID Documents of the Owners	04	
Black Youth Owned	Certified copy of ID Documents of the Owners	04	
Owned by Black People with Disability	Certified copy of ID Documents of the Owners and Doctor's note	04	

	confirming the disability		
Entities with B-BBEEE contributor status of at least level 2	B-BBEE Certificate / Affidavit	04	
EME or QSE 51% Black Owned	Audited Annual Financial/ B-BBEE Certificate / Affidavit	04	

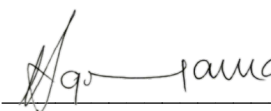
PREPARED BY



Buyile Ngcobo

ICT Risk and Governance

APPROVED BY



Nokuthula Ngonyama

Interim GCIO

DATE: 18th November 2024

DATE: 10 December 2024

ANNEXURE A: PRICING SCHEDULE

FIXED FEE		
No	DELIVERABLES / MILESTONES	AMOUNT
1.	Phase 1: Spend Analysis	
2.	Phase 2: Reduction Review and Roadmap Development	
Total for Fixed Fee Portion (Without VAT)		
VAT		
Total Inclusive of VAT		
VARIABLE FEE BASED ON COSTS SAVED		
3	Phase 3: Execution of Roadmap and Realisation of Cost Savings	Fees as a % of Costs Saved
3.1	Savings between 5 - 7%	
3.2	Savings between 7 – 9%	
3.3	Savings between 9 – 15%	
3.4	Savings above 15%	

Annexure B – Template for Consent Letter

Dear Sir/Madam

Permission letter to submit my CV for Software License Specialist position

I(full names), ID Number: gives (bidder company name) the right to use my Curriculum Vitae for submission at PRASA for RFQ for Software Licensing assessment and Rationalisation RFQ (insert RFQ number).

Kind regards

(signature) _____

Mr/Ms xxxxxxxxxxxxxx

Date: xxxxxx

ANNEXURE C – REFERENCES

Company Name	Contract Name	Contract Size (R value)	Period and Duration	Contact Person	Contact Details (Telephone Number and Email)