

ANNEXURE A

BACKGROUND, OVERVIEW AND SCOPE OF REQUIREMENTS

PROVISION OF ENTERPRISE ARCHITECTURE AND BUSINESS PROCESS MANAGEMENT SERVICES OVER A PERIOD OF TWELVE (12) MONTHS.

1. INTRODUCTION

CEF SOC Ltd is a state-owned company involved in the search for appropriate energy solutions to meet the energy needs of South Africa and the sub-Saharan African region. It also manages the operation and development of the oil and gas assets of the South African government. The company falls under the auspices of the Department of Mineral Resources and Energy (DMRE). For more information on the company you can visit our current website: www.cefgroup.co.za

2. BACKGROUND AND OVERVIEW

CEF (SOC) Ltd is the holding company for a number of subsidiaries, which make up the CEF Group of companies. These subsidiaries operate in the energy sector with commercial, strategic, regulatory and developmental roles. CEF (SOC) Ltd.'s focus is to provide an oversight, strategic direction and guidance role as a holding company to its subsidiaries in terms growth, commercial viability, sustainability, synergy optimization, developmental objectives, governance and overall business performance improvement.

The Mandate of CEF is derived from the CEF Act (No 38 of 1977) and its articles. The mandate is in essence to contribute to the security of energy supply for the country.

The Vision of CEF is to be a leading integrated energy company that provides national sustainable energy solutions for South Africa. This way CEF contributes to national energy security.

The Mission of CEF is to grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable (affordable) energy in Africa. The strategic role of CEF is to search for appropriate energy solutions to meet the future energy needs of South Africa, the Southern African Development Community and the sub-Saharan African region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and renewable energy sources

Entities that make up the CEF Group are as follows:

| <i>Subsidiary</i> | <i>Business Focus</i> |
|-------------------|-----------------------------------|
| CEF | Holding company |
| iGAS | Gas infrastructure |
| PetroSA | Oil and Gas, National Oil Company |

| | |
|--------------|--------------------------------------------------------------------------------------------------------------------|
| SFF | Strategic stock and pollution control |
| PASA | Promotion, Licensing and Regulating the exploration and production of the country's natural oil and gas resources. |
| AEMFC | Mining and supply of Coal |

3. CEF GROUP STRATEGIC DIRECTION

The long-term Group desired end state as articulated in Vision 2040 is for the CEF Group to be commercially viable with a significant market share, with four key components underpinning it. These components integrate and shape the Group strategic trajectory to improve energy industry relevance and future aspirations, and they are:

- a. **Stabilizing the CEF Group** and improve long term commercial sustainability and strategic relevance,
- b. **Drive growth and increase Market Share** through diversification of income streams & product portfolio,
- c. **Development of key Energy Infrastructure programs** in support of economic development & growth,
- d. **Group Consolidation** to exploit synergies and improve scale and agility for strategic relevance

The group strategic objectives to address the strategic and operational challenges and ultimately lead to the desired end-state are-

- a. **Consolidation and turnaround** - Improve economies of scale, synergies and increased value efficiencies of consolidation through returns enhancement and cost savings.
- b. **Commercial sustainability** - Improve profitability to achieve a return equivalent to the cost of capital and optimise current operations and investments in order to ensure that the CEF Group is commercially viable
- c. **Integrated strategy and growth** - Lead the development of an integrated strategy & growth to drive long-term commercial sustainability and strategic relevance.
- d. **Operational efficiency**- Increase organisational efficiency and productivity through (1) process optimisation and automation and (2) fit-for-purpose IT systems, consolidation and integration as well as digital transformation.
- e. **Human performance and organisational alignment** – unlock human potential for excellence and create a culture of superior business performance through effective structures and the creation of a High Performance Organisation.

4. CEF IT STRATEGIC DIRECTION

To align to Group strategic direction and respond to technological trends, CEF SOC IT desired end state is:

- a. Achieve scale and agility required to be more responsive to business needs as they change from time to time,
- b. Demonstrate measurable value delivery to CEF Group through contribution to efficiency creation and business innovation,
- c. Attain the right level of Technology maturity and be a fit for purpose IT organisation that delivers cost-effective IT services to reduce the burden on profitability.

To align to Group strategic direction, take advantage of Technological advancements, address internal short-comings, as well as realize the IT desired end-state, CEF SOC IT will pursue the following strategic objectives:-

- a. Improve organisational efficiency and productivity through deployment of appropriate IT solutions and Technology,
- b. Deploy digital strategies to leverage fourth industrial revolution opportunities in order to aid business transformation,
- c. Achieve IT cost optimisation,
- d. Improve Technology maturity

To give effect to the above strategic objectives, CEF SOC IT will focus, amongst others, on the following

- a. IT Infrastructure standardisation and simplification to reduce waste, and optimise support costs,
- b. System integration to streamline business processes, reduce costs and ensure efficiency,
- c. IT cost optimisation,
- d. Business Process Management to achieve high automation and process optimisation,
- e. Digital transformation to underpin business innovation,
- f. Data Management, IT governance, IT security and internal processes to achieve higher Technology maturity.

5. PROJECT SCOPE

This tender applies to CEF SOC, the holding company and does not include the other entities that make up the CEF group.

CEF SOC IT seeks to appoint a service provider to define a “to be” enterprise architecture as well as review and re-engineering of business process. This is required as CEF IT prepares to start the process of standardizing and organizing IT infrastructure to align to both the IT strategy and business goals. This review will also support digital transformation, and the modernization of IT within CEF.

5.1 SCOPE FROM FUNCTIONS PERSPECTIVE

The table below summarizes the divisions within CEF for which Business Processes will need to be modelled:

| Departments | Key Functions |
|------------------------|------------------------------------------------------------------------------------------------|
| Governance | Office of the CEF Board (board secretariat) |
| Governance | Office of the CEO |
| Legal | Legal services Contracts management |
| Business Development | Business Development Project Management Project Investment |
| Energy Projects | Project Management |
| Human Resources | Human Resources Payroll Learning and development |
| Facilities Management | Facilities Management |
| Finance | Financial Reporting Management Accounting Supply Chain Management Treasury Management |
| Information Technology | IT Service Management IT Project Management IT Operations |
| Stakeholder Relations | Stakeholder relations Marketing and Communication |
| Internal Audit | Internal Audit management |
| Risk | Risk management Compliance Security Management |

5.2 ENTERPRISE ARCHITECTURE SCOPE

The scope entails defining and documenting all the four enterprise architecture domains based on the current business and IT strategies.

5.3 BUSINESS PROCESS MANAGEMENT SCOPE

The area of operational excellence is a central one in the context of digital transformation. By focusing on this area, CEF aims to achieve sustainable increases in efficiency – both time and costs, through the digitalization of business activities/functions and entire business processes.

However, its business processes, which should underpin any automation and digitalisation efforts are not optimised. Therefore, CEF seeks to focus on business process management. This will enable it to take a step back and look at all its processes in total and individually in the context of its business goals, IT strategy and enterprise architecture. It seeks a complete analysis of the current state to identify areas of improvement to create a more efficient and effective organization.

6. SCOPE OF WORK DETAIL

To this end CEF SOC seeks to appoint a service provider to provide enterprise architecture and business process management services in line with current business and IT strategies. The objective of this process is for the service provider to assist CEF with (1) defining and documenting a target future enterprise architecture and (2) reviewing, evaluating, design and mapping of business processes as well as making recommendations for the automation and integration of its business processes.

The primary objective of undertaking this project is to achieve improved efficiencies, effectiveness and high productivity within CEF. In responding to this bid, the service provider must provide a detailed methodology and approach including the implementation plan on how the service provider will deliver on the service as detailed below.

The proposal must be specific to CEF, and it is imperative that, where a provider has a recommendation that is not included in the scope of work, they scope that in their proposal and provide indicative costs for such a service.

6.1 Defining and documenting target enterprise architecture

The scope entails defining and documenting all the four enterprise architecture domains based on the current business and IT strategies.

- **Business Architecture** – This is anticipated to show the CEF landscape and context within which CEF operates. Therefore, it is expected to show the various components such as CEF business policies, strategies, people, processes, business rules, products, services, customers, geographical span, partners and competitors.
- **Information Architecture** – This must depict all the sources of information, supporting business and decision processes, its flow through the organisation, as well as the rules for persistence, security and ownership.
- **Data Architecture** – This is a subset of the information that drives the CEF enterprise. It should define the types of data, their form, and the rules that govern their use. The elements of this layer will inform what information CEF IT should store.

- **Application Architecture** - The applications that CEF IT has deployed and intends to deploy in the future in line with the IT strategy should be depicted in this domain. This should help to ensure that applications are scalable and reliable, and assists CEF identify gaps in functionality. It should also define how CEF applications interact with middleware, databases and other applications.
- **Technology Architecture** – This underpins all the other enterprise architecture domains. The technology architecture should enable CEF in its execution of its business strategy. It should guide the choice of technology infrastructure such as servers, client devices, databases, middleware and network components, which must all ultimately link to policies and goals of the business architecture.

6.2 Business process management (BPM)

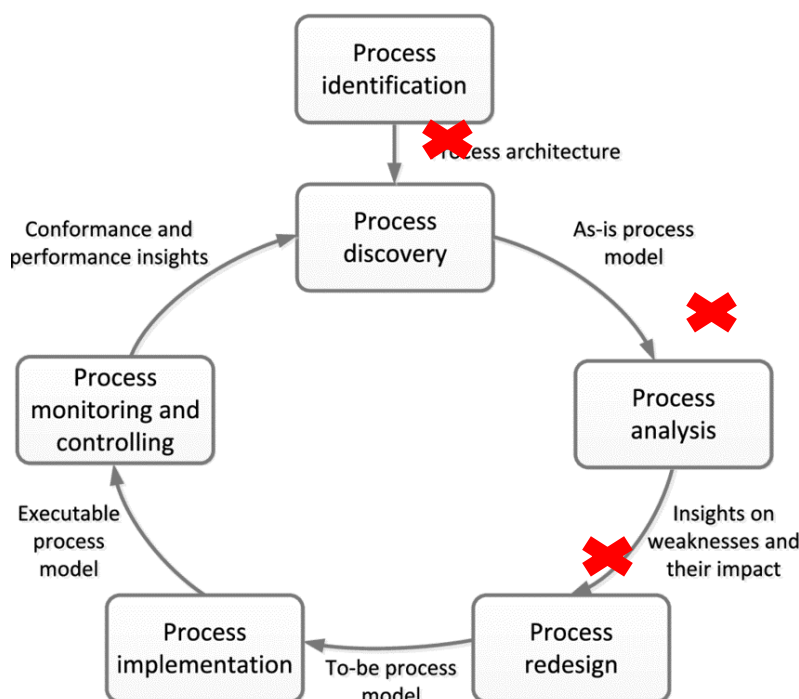
6.2.1 The business process review aims to achieve the following objectives:

- a) Design CEF business processes that will suit CEF maturity level and size
- b) Create common understanding of the processes within the organization.
- c) Ensure alignment of processes to all applicable legislations and mandates.
- d) Document processes that ensure implementation of the CEF value chain.
- e) Eliminate any institutional duplication.
- f) Optimize resource utilization.
- g) Ensure efficiency and effectiveness of the business processes.
- h) Ensure process integration across the entire CEF enterprise
- i) Eliminate delays in the processes.

6.2.2 The BPM cycle scope

Whilst the typical BPM lifecycle also includes implementation, monitoring and optimization of business processes, this scope is concerned only Process Discovery, Process Analysis and Process Redesign/Re-engineer as depicted and described below.

The scope includes all primary and secondary business processes that underpin the entire CEF value chain.



a) **Process Discovery.**

Review, analyze, map and agree the current "As-Is" processes with CEF.

The current state must indicate fair amount of detail in terms of work activities, workflows, roles and reporting relationships, supporting technology, business rules, etc.

The output of this stage must consists of "as-is" process model and diagrams, with any more detailed description.

b) **Process Analysis.**

Analyze the process diagrams, review the flows and process steps. Identify gaps, root causes, strategic disconnects, opportunities for creating effectiveness and efficiencies etc. in the context of improving CEF effectiveness, operational efficiency and in achieving its strategic objectives.

The output of this stage is a report of insights, weaknesses and their impact as well as improvement opportunities. This must be discussed and agreed with CEF.

c) **Process Redesign/ Re-engineering.**

Identify, analyze and validate opportunities to address the gaps and root causes identified during analysis. This step also includes identifying and validating improvement opportunities that are forward facing – often strategic transformational opportunities that are not tethered to current state process.

This step must result in “to-be” process (es), and a roadmap describing how to achieve these redesigned or re-engineered processes.

Some of the envisaged activities (in no particular order) to be undertaken by the winning bidder must include:-

- a) Review, analyze and agree the current "As-Is" processes with CEF
- b) Define the need ("To Be"), approach & priority (the design criteria for the new processes & the scope & priority of the proposed development)
- c) Analysis & Concept Design of "To-Be"
 - i. Review, improve or reengineer organization wide business processes in line with approved CEF policies, IT strategies, and enterprise architecture.
 - ii. Identify current applications, forms, checklists, tools, etc. used for each activity/task,
 - iii. Assess the current CEF business processes and their alignment to the organization's functional and strategic plans including all applicable legislations and mandates,
 - iv. Identify and map out all the processes that are technologically executable
 - v. Develop a roadmap for process automation and integration
- d) Compile a Business Process Inventory
- e) Conduct workshops and interviews with relevant officials in order to understand all the current processes of CEF
- f) Analyze and integrate MIS systems by identifying risk and gaps in the IT Architecture to aid efficient and effective reporting.
- g) Recommend (as appropriate) future state
- h) Propose changes to current business process in line with best practices (i.e. identify missing steps, steps that are duplicates/redundant that we can eliminate, better way to sequence step than the order in which we currently perform them).

7. DELIVERABLES

a) “To Be” Enterprise Architecture Model

- i. Business architecture,
- ii. Information architecture,
- iii. Technology architecture and
- iv. Applications architecture

b) Business Processes

- i. Provide a report of proposed changes to Current State business processes as each workflow mapping and work details is submitted for final review.

- ii. Provide a report of recommended Future State ("to-be") additions and re-engineered processes, as each workflow mapping and work details is submitted for final review.
- iii. Provide a report of other Process Improvement Recommendations.
- iv. Develop CEF SOC Process Manual with workflow mappings.
- v. Provide a consolidated editable electronic file for each process, workflow, activity, rule, exception, etc., that is included in the above CEF SOC Process Manual.
- vi. Provide final report summarizing the project, listing Current State and Future State change recommendations and Other Process Improvement Recommendations.
- vii. Process implementation and automation roadmap

c) Reporting

- i. Submit bi-weekly updated work breakdown structure (WBS) timeline with deliverable milestones and progress report on deliverables below.
- ii. Close-out report on the project
- iii. Formal presentation to key stakeholders.