

Request Details

PR No: 10248613

Type: ZDER - Deviation RQ

Cost Centre: 1737 - IT Systems Software (TECHNOLOGY: INFORMATION TECHNOLOGY)

Vendor: 109356 - IBM SOUTH AFRICA (PTY) LTD

Description: Deviation request for IBM

Practitioner: 935 -

Amount: 22,402,763.99 ZAR

BACKGROUND

The SABC procured a new Mainframe mid 2022 with a projected ROI based on

at least 5 years of use (should last 7 years). It is dependent on a

specific mix of IBM and 3rd party software. This business case is for

licensing and support of the IBM suite of software that includes the

Operating system which is a rental as IBM software cannot be owned. The

current contract expires 28 February 2026, and this submission is to

renew the required software for 37 months. In pre discussions the

process of appointment is foreseen to be a deviation based on sole

supplier and Single source of software.

The SABC's investment in the IBM z15 Server represents a strategic and

forward-thinking decision, perfectly aligned with our operational and

regulatory requirements.

The IBM z15 Server is a state-of-the-art, high-performance computing

system designed to handle critical workloads and transactions at scale.

Its reliability and scalability ensure uninterrupted support for the

essential TV License debtor system, which forms the backbone of our

operations.

In an era where cyber threats and data breaches pose significant risks,

the IBM z15 provides advanced security features and data privacy

capabilities. This ensures compliance with stringent data protection

regulations and safeguards sensitive customer information#an invaluable

asset in maintaining trust and operational integrity.

The Mainframe's IBM z/OS suite of software is essential for the system's

operation and to host the TV License debtor system. It also functions as

a backend, connecting through middleware to the web front ends used by

retailers for payment processing and license verification. This

connectivity is crucial, as legislation mandates confirmation of a valid

TV License before a television set can be sold.

Avoiding Disruption in Service Delivery Replacing or redeveloping this infrastructure would not only be financially burdensome but could disrupt our ability to fulfill legal and operational obligations. The mainframe remains the most reliable and cost-effective choice for ensuring seamless service delivery to our stakeholders.

By capitalising on the capabilities of the IBM z15, the SABC can confidently address current operational needs while maintaining the flexibility to adapt to future changes. This strategy not only preserves the value of past investments but also ensures our resilience and compliance in a dynamic environment.

REASON

A deviation approach is more applicable for this transaction for the following reasons:

The IBM Suite of software in use by SABC is solely owned, supported and distributed by IBM South Africa Pty (Ltd) and the new Mainframe procured by SABC in 2022 can only be operated on the IBM Operating system and suite of software. and the direction was approved to obtain an ROI for at least 7 years from date of installation.

A New Mainframe was acquired in 2022 with an ROI of at least 7 years based on strategic direction and cost effectiveness. The current contract was still fresh and not required to be changed as monthly costs just lowered automatically at the time.

This deviation is to keep contract in step with minimum lifetime of the hardware expected and options of redevelopment of TV license system for other platforms would affect the ROI negatively as redevelopment is not financially sustainable and would also require new hardware which would result in a wasteful expense of the current hardware and solution.

The criteria for this deviation is Sole provider.

Impracticality is outlined by the benefits. Benefits are # Software is reliable and consistent 100% availability per annum is achieved. # Backups are reliable, and a DR contract is in place with 100% successful

tests since inception of DR contract. # Backups and recovery make use of a Virtual tape library replicating to DR site and boasts improved recovery times in last 2 tests. # Software is regularly improved and updated, with new versions available at no additional costs. # No issues with current vendor and support is effective with regular briefings on enhancements and trends. Anything other than deviating would result in re-development of entire TV licensing application which would incur a far higher cost whilst the current application is tailored and integrated, so serve the requirements of the SABC.

Software is reliable and consistent 100% availability per annum is achieved.

Backups are reliable and a DR contract is in place with 100% successful tests since inception of DR contract.

Backups and recovery make use of a Virtual tape library replicating to DR site and boasts improved recovery times in last 2 tests.

Software is regularly improved and updated, with new versions available at no additional costs.

No issues with current vendor and support is effective with regular briefings on enhancements and trends.

SCOPE OF WORK

The Scope of Work includes the licensing, support, and maintenance for the currently used IBM suite of software for the IBM z15 server (mainframe).

This support must be available 24/7 for 365 days and a support logging procedure should be provided.

COST EFFECTIVENESS

IBM has provided SABC with a confidential TTO list price report and it is important to note that the price of software for the capacity of the machine is the same in terms of base cost everywhere in the world subject to exchange rate per country. For every South African company with same capacity per machine type it is the same. The report reflects a 23% technology discount on list price, and it reflects on the SABC invoices and is correctly applied. IBM is the sole owner and single

source, and no one can distribute or sell it.

Estimated Cost R 19 396 332.46 excluding VAT or R 22 402 763.99

including VAT.

The funds available are R 19 396 332.46 excluding VAT or R 22 402 763.99

including VAT

LEGAL IMPLICATIONS

None

RISK & MITIGATIONS

The approval of the deviation is critical. The software is required for

the operation of the SABC TV License Debtor

The system is the core of TV license holder management and revenue

collection. Without payment of

the license and support fee for the software the system will have to be

taken down from 1 March 2026, rendering the SABC with no TV License call

center and revenue collection

RECOMMENDATION

Based on the motivation above, the department requests that:

The BAC approves the deviation request to appoint IBM South Africa Pty

Ltd for provision of the license and support of the IBM suite of

software for the maximum estimated value of R19,396,332.46 excluding VAT

and R22,305,782.43 including VAT for a period of thirty-seven (37)

months, starting 01 March 2026 to 31 March 2029.

The Head of SCM Governance to duly sign the award letter.

The Legal department draft the agreement to this effect.

NATURE OF DEVIATION

Sole source and impracticability

VENDOR SELECTION

The supplier is IBM Suite of software in use by SABC is solely owned,

supported and distributed by IBM South Africa Pty (Ltd)..

PERIOD

A period of thirty-seven (37) months, starting 01 March 2026 to 31 March

2029.

PURPOSE

The purpose of this submission is to request approval to deviate from normal procurement processes and appoint IBM South Africa Pty Ltd for provision of the license and support of the IBM suite of software for the maximum estimated value of R19,396,332.46 excluding VAT and R22,305,782.43 including VAT for a period of thirty-seven (37) months, starting 01 March 2026 to 31 March 2029.

APPROVERS AND REVIEWERS

Date Actioned	User Name	Actioned By Full Name
27.05.2025	DIPPENAARWJ	WESSEL JOHANNES DIPPENAAR
02.06.2025	REDELINGHUAJ	ALBERTUS JOHANNES REDELINGHUYS
25.06.2025	MTHEMBUMS	MICHAEL SENZOSENKOSI MTHEMBU