



# national treasury

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**

Private Bag X115, Pretoria, 0001 • 40 Church Square, PRETORIA, 0002 • Tel: +27 12 315 5111, Fax: +27 12 406 9055 • [www.treasury.gov.za](http://www.treasury.gov.za)

Enquiries: **Petrus Makulane**, Tel: (012) 315 5258, Email: [Petrus.Makulane@treasury.gov.za](mailto:Petrus.Makulane@treasury.gov.za)

Mr. Cameron Morajane

Director: CCMA

Commission for Conciliation, Mediation and Arbitration

Private Bag x94

**MARSHALLTOWN**

2107

Email: [KediboneM@ccma.org.za](mailto:KediboneM@ccma.org.za)

Dear Mr. Morajane

## **REQUEST FOR APPROVAL OF CONTRACT EXTENSION BETWEEN CCMA AND SGT SOLUTIONS (PTY) LTD**

1. National Treasury acknowledges receipt of your letter dated 21 October 2021.
2. Your Institution is requesting approval of contract extension with SGT Solutions (Pty) Ltd for the provisioning of Disaster Recovery as a Service (DRAAS) and Backup as a Service (BAAS). The Initial contract was for a period of three (3) years commencing from 01 August 2019 to 31 December 2021 at a total value of R6 145 912.89. The new contract extension is for a period of twenty-four (24) months commencing from 01 January 2022 to 31 December 2023 at a total value of R2 511 600.00 at a cumulative variance of 40.87% against the original contract value.
3. The request was endorsed by the CCMA Director on 21 October 2021.
4. The reasons for this variation are that SGT Solutions has been providing both Disaster Recovery and Backup Services for the CCMA. There was, however a need to test the market. The ICT department embarked on an open request for information (RFI) process for the provisioning of an end to end DRAAS and Backup services for the CCMA compared with the need to continue using the existing solution. If the CCMA is to go for a turnkey solution, the average monthly cost will come in at R318 235.48. ICT is currently embarking on a cloud journey and to ensure that there is no misalignment between CCMA Production Systems and



the Disaster Recovery Solution, a cost-effective sourcing strategy had to be taken into consideration.

5. Continuation of the contract will lead to a price reduction of R151 429.70 per month. CCMA have enjoyed a very good working relationship with SGT Solutions and their solution has proven to be stable over the contract period to date with the latest DR Testing on CMS services having been conducted in September 2021 although there has not been any other DR Tests and restores of backup that has transpired across the contract period. CCMA needs to forge a partnership with SGT Solutions to ensure that the DRAAS platform proactively continues to serve as a fall-back in the event of a disaster and there is a need to invoke recovery processes.
6. Within the next 24 months, ICT endeavours to build human resources capacity by upskilling the current resources through both formal and informal training. Cloud-driven disaster recovery solutions with the end goal of being able to deploy and manage a Disaster Recovery Solution using internal capabilities.
7. The reasons provided for this extension are justifiable on the basis of business continuity and given the cost-efficiency that comes with the continuation of service from the existing contract.
8. National Treasury supports the reasons to extend this contract for only a period of twelve (12) months. No further contract extensions will be granted. The Institution is advised to go out on an open competitive bid process within the granted extension period.
9. The institution has an obligation to ensure that any contract for goods and services is in accordance with a system of procurement which is fair, equitable, transparent, competitive and cost effective.
10. Please be advised that this award must be published on the e-tender portal.



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Kind regards,

Signed by: Molefe Isaac Fani  
Signed at: 2021-12-21 12:26:36 +02:00  
Reason: Witnessing Molefe Isaac Fani



**MOLEFE-ISAAC FANI**  
**ACTING CHIEF PROCUREMENT OFFICER**  
**DATE**