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Zondo Commission – T-Systems awarded Transnet tender against CIO’s recommendation

Former Transnet chief information officer Makano Mosidi testified before the commission of inquiry into state capture on Monday that a memorandum signed by her, recommending that the parastatal award a data services contract to IT company T-Systems, was signed under duress, and while recommendations she had made had not been followed.

The pressure she felt, explained Mosidi, stemmed from two factors: she was new to the organisation, having joined while the tender process was already in its later stages, and the timeframes within which a decision was to be made were tight.

The tender, initially valued at just under R1.9-billion, is currently the subject of a Johannesburg High Court case in which its validity is challenged by losing bidder Gijima.

T-Systems had been in the running with several other companies, seven of which made the cut in the first round of evaluation. On the instruction of then group CEO Siyabonga Gama, two of these were shortlisted. Mosidi registered her concern with this part of the process, noting that instead of just two, four should be shortlisted, to give Transnet more deciding room. Gama insisted on the shortlist of two – at this point T-Systems and Ubuntu Technologies – explaining that Transnet had little time to negotiate with more bidders as a recommendation had to be prepared for the board.

During this time, Ubuntu withdrew from the process, and was replaced with the third highest-scoring bidder, Gijima Holdings. For the most part, T-Systems and Gijima were neck and neck in the technical and pricing scoring, until Gijima dropped its final offer significantly, making it the cheaper option of the two.

Once the evaluation process had been completed, Mosidi received a file containing details of the whole procurement process. She was satisfied that all the checks and balances were in order, but what stood out for her was that where all the scoring notes pointed to a cheaper offer by Gijima, with minimal risks, the preference of the cross-functional evaluation team (CFET) was for T-Systems. The file also contained a report by sector consultants Gartner, as two of the company’s employees had provided advisory services throughout the process.

On the back of the concerns that Mosidi raised regarding the inconsistencies of the CFET file, a meeting was convened where CFET chairperson McDonald Maluleke defended its decision to recommend T-Systems.

“The trigger for this meeting was my having not been able to sign and agree with the recommendations, based on the file brought by Edward Thomas (he worked in supply chain management) to my office,” explained Mosidi. “I wanted to understand my role in all of this. [Maluleke] said to me ‘Makano, it is not me who recommended this, it is you...the CFET represents you...so you want to go against yourself.’”

“It was one of the most unpleasant meetings because my whole being was saying the floor of logic was not making sense.”

Maluleke, she added argued that the Gartner findings raised the point of risks associated with Gijima. Mosidi is of the view, however, that none of the risks raised in respect of Gijima were substantial to the point that they could not be mitigated. They were, in fact, very similar to those relating to T-Systems in the same report.

The fact that the memorandum remained unsigned by Gama and then group chief financial officer Garry Pita may have been owing to the objections she raised.

Mosidi continues to testify.

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