INQUIRY INTO PROCUREMENT AT SERVICES AUSTRALIA AND NDIA

Salesforce Submission

Introduction

Salesforce would like to take this opportunity to thank the Joint Committee of Public Accounts and Audit (the **Committee**) for its invitation to appear before it on 20 November 2023 to discuss this issue.

About Salesforce

Salesforce is a global leader in Customer Relationship Management (**CRM**) and is one of the globe's fastest growing enterprise cloud software companies. Everyday, more than 150,000 customers, including 4,000 government agencies around the world, rely on Salesforce and its technology platform to support their organisations to better connect with their customers and citizens Salesforce helps governments to build stronger connections between citizens, employees, government services and the information they all need to make government more responsive, effective, and efficient.

The best way to understand Salesforce is to know the services we provide for our customers. In Australia, we provided the systems for the vaccine rollout as well as Bushfire Recovery for Victoria and New South Wales.

Salesforce provides the World's #1 Software as a Service (SaaS) CRM and #1 ranked Platform as a Service (PaaS) or Engagement Platform solution. Rated #1 by IDC, Gartner, and Forrester (the world's leading technology industry analyst firms), the Salesforce Platform has been designed to provide customers with high levels of performance, reliability, and security.

Salesforce's Work in Australia

Salesforce products are currently marketed and sold in every geography around the world. The fastest growing region for Salesforce is Asia-Pacific, with over 1,500 companies in this region using Salesforce's service.

Salesforce makes a significant contribution to Australia and the technology industry:
- Salesforce has had local offices in Australia for 20 years. Salesforce Tower Sydney announced in 2019, opened to our employees in September 2023.
- There are over 2,100 Salesforce employees in Australia.

- IDC estimates the Salesforce economy will generate AUD $48.6 billion of new business revenue and create 104,400 jobs in Australia by 2026.
- To date, via Salesforce Ventures, investments have been made in several Australian companies. One of our most recent investments was in a company which uses AI and algorithms to recommend new roles and transfers based on an employee's skillset.

Salesforce Public Sector Solutions

Government solutions from Salesforce have supported the capabilities of the public sector across the globe. Salesforce government solutions are engineered to meet the specific needs of government supporting cases as diverse as Public Benefits Assistance, Grants Management, Emergency Responses, Public Health and Licence Permits and Inspections amongst others. Critically, these platforms are supported by our capabilities in CRM, AI, Data Integrations, Analytics, Visualisation, Digital Stakeholder Communications and our productivity platform.

More than 4,000 local, state, and national government agencies use and trust Salesforce's solutions globally. The Salesforce government CRM helps agencies build stronger connections between citizens, employees, government services and the information they all need that makes government more responsive, effective, and efficient. In Australia, the Public Sector team supports over 300 customers in all states and territories. We partner with government on initiatives as diverse as public health, accident & workplace compensation, transport, customer service and skills development.

Salesforce Community Support

From our very inception, Salesforce as a business was designed to give back to society and the communities within which we operate. Our business model and culture are specifically set up to deliver on these values. Salesforce pioneered the 1-1-1 integrated philanthropy model, dedicating 1% of employee time, 1% of product, and 1% of equity to help improve communities around the world. Salesforce has delivered in Australia +301,000 volunteer hours, approximately $14.2M in grants, +2,400 non-profits using our technology and inspired +1,600 companies in Australia to Pledge 1%.

In addition, Salesforce partnered with the Australian technology sector to launch a free online skill marketplace known as Skill Finder. There have been 500,000 visits to the site, with 150,000 of those visitors enrolling in a course. Alongside our partners, we are supporting the Indigenous Tech Academy which will see 16 young Indigenous Australians train in Salesforce skills.

Salesforce supports nonprofits globally. Many Not-for-Profit organisations around the world rely on Salesforce solutions (provided to them free or at greatly reduced cost), and Salesforce has particular experience supporting the direct disability industry in Australia. Salesforce has provided IT platforms for

11 of the top 20 NDIS providers. We hope to call upon the knowledge gained through industry experience in Australia to accelerate the time to value and leverage lessons learnt.

The 2020 NDIA Contract to Replace NDIA's Outdated Customer Service Portal and System Processes

Salesforce has been honoured to partner with the National Disability Insurance Agency (**NDIA**) over the last three years in the transformation of its legacy SAP technology platforms through the PACE program. As at 2019, the SAP CRM was the main system of record for participant data and was used by NDIA registered service providers to make claims for services or products provided to participants. The NDIA considered that it was not suited to supporting non-core business capabilities across the areas of case management, event management and campaign management. The NDIA wished to implement a platform to further develop its participant engagement capabilities that were fundamentally different to transactional capabilities. Engagement systems are dynamic, flexible and deliver continuous innovation through seamless, automatic upgrades. People want choice and convenience in their engagement, and the choices both available and preferred, change constantly over time.

In 2019, NDIA sought a cloud platform to augment the SAP CRM in preparation for the almost 500,000 participants that will access the NDIS scheme by 2025.

In late July 2019, DXC Technology (an information technology services and consulting company) as prime and Salesforce as product supplier responded jointly to an open market Request for Expression of Interest (EOI 2019/0001) process issued by the NDIA for cloud CRM capability. The proposed main engagement was with DXC, with Salesforce supplying the CRM product. Salesforce partnered with DXC to respond to the Expression of Interest. This proposal contemplated DXC acting as the technology implementation specialists, integrating Salesforce's CRM product to the NDIA environment.
The NDIA received responses from vendors, including other leading global IT and consultancy service providers.

DXC and Salesforce provided a demonstration and answered supplementary questions on pricing.
On 30 August 2019, the NDIA wrote to DXC regarding Expression of Interest for the provision of a Cloud Platform (EOI 2019/0001) stating:

> "*I am writing to you to advise that the Agency became aware yesterday that it has inadvertently disclosed your organisation's pricing information (submitted to the Agency in the course of the Agency's procurement process for a Cloud Platform) to another Tenderer.*
> *The Agency acknowledges the seriousness of this inadvertent error and takes its responsibilities in relation to the protection of Tenderers' commercially sensitive information seriously. The Agency is taking immediate steps to investigate what has occurred and mitigate the impact of this error and is examining its internal processes to ensure that the error does not occur again.*

The Agency is obtaining written assurance from the Tenderer that it has taken the following steps to mitigate the impact of this error:
1. deletion of the email and its attachments and any electronic copies of the information entirely from its systems (including any back-ups);
2. destroyed any hard copies of the information; and
3. obtained assurances that any person who received or subsequently had access to the information does not disclose that information to anyone else or permit access to that information by anyone else.
The Tenderer has been reminded that notwithstanding the information was received in error, the information is, by its nature, confidential, and should be treated as such.
The Agency acknowledges the investment that all parties, including your organisation, has made in the procurement process to date. Maintaining the integrity of the procurement process is of critical importance to the Agency and the Agency is considering the impact of the error on the future direction of the procurement process, including whether or not to discontinue the process. The Agency would appreciate it if your organisation could advise if it is prepared to continue with the procurement process, taking into account the steps taken by the Agency as set out above."

As noted in the NDIA's letter to DXC above, which was shared with Salesforce, the NDIA's evaluation of the DXC/Salesforce tender response was inadvertently shared by NDIA with other tenderers. This procurement was cancelled. An independent procurement review was then undertaken but this report was not shared with Salesforce.

The NDIA retendered for the services on about 29 November 2019. This Request for Tender was called the National Disability Insurance Scheme Launch Transition Agency (NDIA), Request for Tender for a Cloud Platform (RFT No. 1000702105). The Department of Human Services issued this RFT on behalf of the NDIA.

Salesforce understands that:

- there was a Tender Evaluation Committee and a Technical Evaluation Working Group to evaluate the tenders; and
- NDIA engaged additional assistance from various advisers in the second tender process including a probity adviser from the Australian Government Solicitors (AGS) on probity matters, a procurement adviser for procurement advice, a financial adviser responsible for financial evaluation, a legal adviser for legal advice and risk adviser for risk advice.

The NDIA was seeking to purchase SaaS subscriptions for an integrated Cloud Platform that provides capability in the areas of:

a) Portal Development – capability to develop portals to support Participants, information linkages and capacity building strategy used by the NDIS to connect people to mainstream and community services (**ILC**), National Contact Centre and external independent assessors;
b) Campaign and Event Management – capability to support campaigns and events to improve Provider and Participant engagement with the NDIA; and
c) Case Management – capability to record, track, escalate and report on key business functions such as complaints, assistive technology requests and supported independent living. Salesforce understood the NDIA's intent was to establish a cloud platform in order to deliver solutions for the broader business supporting the growth of the NDIS and to improve customer satisfaction. Salesforce believed that to achieve this objective, the platform needed to be evergreen, agile and capable of supporting the diverse and changing needs of NDIA's customer base.

Salesforce responded on its own to this Request for Tender on 3 January 2020 as the tender documentation advised that the NDIA has a strong preference to deal directly with the original software vendor for the proposed Cloud Platform product in the course of this RFT Process. Since the tender was advertised on Austender for a cloud platform Salesforce could provide a response in our own right.

In its tender response on 3 January 2020, Salesforce noted the advantages of its cloud platform as follows:

- Salesforce provides a single enterprise platform that delivers multiple services and enables NDIA to rapidly configure solutions specifically tailored to its mission and requirements. Salesforce solutions free data from legacy systems, empower customers, and connect organisations, and employees to administer services in powerful new ways. The Salesforce Platform is the lowest risk and fastest way to securely build, connect, optimise, and deploy every kind of app tailored for any type of use case.
- Salesforce is among the market leaders in innovation, providing three upgrades to the platform each year. Upgrades are automatic and seamless – existing customisations and integrations are not affected. All customers can take advantage of the enhancements, there is no need to manually opt in. This allows organisations, such as the NDIA, to have an evergreen platform that remains relevant and in line with customer demands. For example, since the release of the iPhone 11 years ago Salesforce has had 33 releases, all automatically applied, ensuring the platform continually takes advantage of the latest iOS features, new channels and meets changing customer needs. Many traditional legacy solutions have provided fewer than 10 updates with customers having to undertake major programs of work to release them into their environments.
- Salesforce empowers administrators and business users to drive their own customer insights through "clicks not code". This enables fast time to value and agility by allowing non-technical users to configure based on business needs. This also allows front line staff to have greater

inputs and control of the information they need to provide exceptional customer service to their clients. Independent reports have shown Salesforce customers seeing a 43% increase in the first contact resolution once they have moved to the Salesforce platform. The Salesforce AppExchange provides more than 5,000+ complementary apps that are already pre-built and tested on the Salesforce platform. Apps are device-independent and automatically available on mobiles and tablets. Applications are easily activated and seamlessly maintained as part of our three upgrades per year. This allows the NDIA to continue to extend the use of the Salesforce Platform and maximise the value from the asset.

In addition, the Salesforce tender of 3 January 2020 noted the key advantages of Salesforce solutions, which included:

- **Embedded Collaboration into all Aspects of the Solution**: Collaboration is critical for the NDIA to provide seamless services to its participants and service providers.
- **Accelerated Time to Value**: Salesforce's cloud platform allows customers to deliver almost seven times more new features per year in 63% less time on average. Additionally, customers are able to bring entirely new applications online with greater frequency (158% more applications) and timeliness (71% faster life cycle) (according to IDC).
- **Mobile First, Mobile Everything**: Salesforce applications are mobile-enabled out of the box (no coding required) and can be accessed from any mobile device, anywhere, at any time.
- **Enterprise Cloud Platform**: The NDIA can optimise its mission activities and by managing all interactions and data through a customer success "platform of engagement". Salesforce's cloud solutions provide a single, shared infrastructure, one code base, one platform that is all centrally managed, with platform-based Application Programming Interfaces (APIs) to support all integration traffic, and (3) three major release upgrades a year included as part of the subscription service at no additional cost.
- **Secure, Private, Scalable, and Reliable**: The Salesforce service has been designed to provide customers with 100% trusted privacy with the highest levels of performance, reliability and security. Salesforce has invested in ensuring we have IRAP certification to support our Australian Federal Government Customers. **AppExchange and Private AppExchange**: The Salesforce AppExchange is an enterprise cloud marketplace of over 5,000 pre-built enterprise solutions that are integrated with Salesforce.
- **High Levels of User Adoption**: Salesforce has designed its solutions to be intuitive and easy to use. As a result, users can often use and gain benefit from their solutions with minimal training. With Salesforce Trailhead everyone can learn Salesforce. Whether the person is an admin, user or developer, there is a free learning trail for them.
- **Ease of Integration**: IT professionals are able to integrate and configure our solutions with existing applications quickly and seamlessly. Salesforce provides a set of APIs that enable

customers and independent software developers to both integrate our solution with existing third-party, custom, and legacy apps and write their own application services that integrate with our solutions.

The Salesforce cost model which was proposed in the tender was subscription based and varied by product. This was and is Salesforce's standard offering. Our products are in a per user/month or user/year format billed annually. There are some products offered as total logins per month or by defined number of members billed annually. We also have products that are offered by an edition representing a bundle of products.

In February 2020, Salesforce was shortlisted and invited by the NDIA to progress to the next stage. On 11 and 12 February 2020, at the NDIA's request, Salesforce provided a demonstration of our solution to the NDIA and answered a number of clarification questions from the NDIA on our tendered offer. Probity officers were present at these sessions. During the demonstration, Salesforce highlighted the strength of the Salesforce platform in the areas of Case Management and Campaign and Event Management.

In around March 2020, Salesforce was informed by the NDIA that it was selected as the preferred tenderer.

The NDIA then requested that Salesforce proceed directly to contract negotiations with the NDIA based on the terms proposed by Salesforce. The contract and commercial negotiations took place in March and early April 2020.

Salesforce was awarded the NDIA contract on 2 April 2020. The NDIA contract was a Master Subscription Agreement (MSA) with the NDIA. The MSA is tailored to the Salesforce Software as a Service and Platform as a Service (SaaS/PaaS) offerings and governs the provision of Salesforce's services. The NDIA contract is a three-year agreement, with options for two further one-year extensions. The initial total contract value for licences and services was approximately $27 million.

The NDIA is Building a New ICT Business System to Improve the End-to-End Participant Journey and Planning Process

After awarding the NDIA contract, the NDIA began designing and building a new information and communications technology (**ICT**) business system originally known as ACE, now known as PACE. PACE is a fit-for-purpose business system and was intended to initially augment the capabilities of NDIA's existing SAP, portal and payment systems.

The purpose of the NDIA's PACE system is to deliver business improvements including a number of medium- and long-term changes to the end-to-end participant journey and planning process. PACE was designed to make it easier for NDIA staff and partners to do their job, giving them more time to deliver a quality experience for participants. Accessibility is a key feature of the system. Staff with a wide range of accessibility needs were involved in the design, build and test of PACE so that all of the NDIA's customers benefit from a more accessible platform.

Salesforce understands that other improvements arising from the new PACE platform include:

- more options for how a participant's plan can be changed to meet their needs without lengthy processes;
- new ways of capturing goals and clearer referral processes to mainstream and community supports;
- streamlined access processes with prospective participants being supported by LAC and Early Childhood PiTC;
- integration between the NDIA's systems and Participant Portals, meaning participants can manage more of their own information and monitor progress on their requests;
- automated work-routing for all work, meaning that tasks are more efficiently completed (and matched to staff with the skills required to complete the task);
- new validation of payment requests, including participant verification steps; and
- monitoring across the entire ICT system, which supports the NDIA to proactively identify and check-in when it appears a participant may need support.

The design and build of PACE have been strongly influenced through NDIA's ongoing consultation with participants, staff, partners and providers. It has also been influenced by the outcomes of prior consultation with participants.

NDIA real-time testing of PACE began in Tasmania in November 2022. As at 30 June 2023[1], more than: 3,200 Tasmanian participants had approved plans in the new system; 600 new participants had their access requests and plans developed in the new system and 138,000 payments had been made in the new system, equating to more than $6 million in payments. As at 30 September 2023[2], more than: 5,800 Tasmanian participants had approved plans in the new system; 1,000 new participants had their access requests and plans developed in the new system and 374,000 payments had been made in the new system, equating to more than $145 million in payments.

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[1] https://www.ndis.gov.au/media/6258/download?attachment?attachment

[2] https://www.ndis.gov.au/media/6466/download?attachment

Following feedback and reporting on the test roll-out, from 30 October 2023, NDIA began gradually rolling out the new PACE system and processes across Australia. Salesforce understands that the PACE platform is live nationally and has over 6,000 users accessing the system. The NDIA expects the rollout to take up to 18 months.

Salesforce understands that technology design and implementation milestones were met to the satisfaction of the NDIA. The feedback Salesforce has received from the NDIA so far has been that the technology has performed as expected and, consequently, the broader roll-out was commenced in October 2023.

Salesforce's Contribution to the NDIA's PACE Program

Over the last three years of this journey, the NDIA purchased Salesforce software and services from Salesforce to develop its new system. The NDIA purchased Salesforce licences as described below and professional services or product expertise hours or our people with domain expertise. The NDIA determined the number of hours or people it wished to purchase annually and topped that up as needed.

For context, the PACE program was managed by the NDIA. Salesforce contributed its product and domain expertise. NDIA was responsible for planning, the overall architecture, resourcing the program using a combination of its own internal and contract personnel, and program management. Salesforce was not responsible for any project milestones or timelines.

As part of the Strategic Enterprise License Agreement's Salesforce sold to the NDIA the following:

- April 3rd, 2020: Salesforce Health Cloud foundational capability with additional capability (for 5,000 users);
- April 30th, 2021: Vlocity Claim's Management capability;
- October 31st, 2021: Additional testing and development capability;
- Throughout, 2022: Increased user volumes from 5,000 to 10,000 users along with scheduling, reporting and training capability; and
- October 27th, 2023: Increased user volumes from 10,000 to 12,500 users.

The numbers of users on the Salesforce platform were determined by the NDIA.
The major factors that led to the change in the licence costings were the 150% growth in the NDIA's user numbers along with platform capability additions (to add claims management in addition to customer management) to support the PACE program.

In the last four years, Salesforce delivered professional services to the NDIA to support the build of the new system. Salesforce supplied professional specialised resources and domain expertise to the NDIA.

- Between 2020 and 2021, Salesforce supplied between 17 - 20 architects and domain experts to assist with: Best Practice ACE Solution Architecture and Design; Claims Capability Solution Design; Business and Process Design; Governance and Program Structure support and Solution Development Planning.
- Between 2021 and 2022, Salesforce supplied between 17 - 20 architects and domain experts to assist with: Best Practice PACE Solution Architecture; Claims Capability Optimisation; Analytics and Reporting stream; Mulesoft Integration stream; Salesforce Enablement and Trailhead; Portal design and Architecture; and Solution Development.
- Between 2022 and 2023, Salesforce supplied between 17 - 20 architects and domain experts to assist with: Architecture and Optimisation; Claims Capability Optimisation; Analytics and Reporting stream; Mulesoft Integration stream; Participant Plan and solution design; Security Permissions and Routing; Salesforce Enablement and Trailhead and Solution refinement.

Any scope increases in the project were driven by customer needs and, to the best of Salesforce's knowledge, went through the NDIA's review and approval processes before work was commenced. Scope changes were driven by policy (Independent Assessments were initially being developed and later not required), new requirements (e.g. Vlocity/MuleSoft/MC) or a changed contracting approach (for example, due to Covid, the NDIA would only contract professional services for 12 month work horizons).

Salesforce is supporting the NDIA and its roadmap to deliver more effectively and efficiently through technologies that empower citizens with greater choice and control, as well as public servants through better information and insights. The digital transformation aspects Salesforce has been involved in includes:

- **Provider Management Efficiency** - improving provider management and efficiency of provider services/care through reducing payment errors, delayed payments, and eliminating the need for plan managers and participants to be financial intermediaries;
- **Participant Engagement** - allowing scheme participants to achieve self-service and management in relation to their plans and service bookings all within an engaging digital portal. Allowing participants to easily submit cases via the portal has increased choice and control, reducing time spent on administrative tasks, and enabling real-time messaging capability to support the validation of claims and updates on budget positions;
- **Specialist Disability Accommodation** - connecting participants with housing providers to provide accessible accommodation that allows participants to achieve independence; and

- **Agent Experience** - streamlining enterprise case management for onboarding and participant lifecycle management (complaints and enquiries) reducing both cost to service and average handling times.

These will assist in delivering better outcomes for all stakeholders in the scheme, reduce the cost of delivering services, and help prevent fraud. The new changes also enhance participant accessibility of engagement with the NDIA and providers.

In supporting these outcomes Salesforce's technology offers the following advantages:

- World Leading CRM capability
- Highly Available and Scalable Cloud Platform
- Industry Specific Capability in Government and Social Insurance
- Agile response system to adjust to support new requirements
- Efficient deployment options
- Security - always current, always patched, latest version
- Built to support 700K participants
- Planned to support $40bn in payments annually
- Enables 10,000 NDIA users to do their job efficiently

This program commenced at the start of the COVID lockdowns in Australia.

We take pride in the outcomes achieved.

Engagement with External Consultants

Salesforce uses consultants globally to assist with public sector procurement. It is a common practice. Consultants are typically paid an agreed monthly retainer fee for an agreed term. This ensures Salesforce can manage costs.

Salesforce Engagement with Synergy 360

In late May 2019, Milo Consulting Pty Ltd, trading as Synergy 360 (Synergy 360), a professional service provider and IT consulting firm, approached Salesforce about providing advisory services to support Salesforce's strategy with the Australian Federal Government.

Synergy 360 informed Salesforce that it specialised in the following key areas: Strategic Business Advice; Tender & Bid Management; Creatives & Bid Support; Program Assurance & Governance; Program &

Project Management; Requirements Management; Systems Engineering; Business Case Development; Sourcing Advice including Procurement & Contracting; Information Technology Architecture and Information Technology Security.

David Milo, the principal at Synergy 360, was a former Deloitte partner. He later started his own consulting business, specialising in technology transformation. Synergy 360 stated that its workforce had a demonstrable track record of successfully providing program support, project management, assurance & governance, IT consulting, bid/tender support & management, strategic business advice and specialised technical services to Federal Government and corporate clients.

It was Salesforce's understanding in 2019 that Synergy 360 had strong experience in working with government because Synergy 360 said that they had helped build successful consortia to address the Australian Government's most significant, challenging and complex requirements.

At the time of contracting Synergy 360 as a consultant, Salesforce had only three locally based employees in the public sector Federal Government sales team and a newly appointed Federal Public Sector Lead. Salesforce needed to supplement its developing Federal Government Public Sector team to support its business. While Salesforce itself has the required technical expertise and industry experience in the state public sector environments, our employees in 2019 did not always have the relevant federal government tender requirements and design domain expertise and were developing their understanding of the Australian Federal Government business environment.

Salesforce engaged Synergy 360 in about July 2019 as a consultant with a monthly retainer of AUD$9,000 including GST. The monthly retainer increased to AUD$9,900 including GST in December 2020.

Synergy 360 was engaged by Salesforce to provide consulting advisory services to support our readiness for business in Federal Government. Synergy 360 provided Strategic Business Advice; Bid Support; and advice on Information Technology Architecture and Information Technology Security. Synergy 360 was not engaged as a part of our pursuit in winning the NDIA tender.

Overall, Synergy 360 was paid AUD$214,200 including GST by Salesforce over a period of 24 months. No success fees were agreed with Synergy 360 or paid to Synergy 360. The contract lasted 24 months and ran from about 1 July 2019 to 30 June 2021. The consulting contract was terminated in June 2021. As far as we can trace, Salesforce met with Minister Robert, in meetings with Synergy 360, three times. Two meetings occurred in June 2019 and one meeting occurred in September 2020. Salesforce did not request these meetings.

The only Federal Government contract involving Services Australia or the NDIA which Salesforce won during the period overlapping its engagement with Synergy 360 is the NDIA contract that was subject to the tender process described above. None of the meetings with Minister Robert, which are referred to above, took place during the first or second NDIA tender process. Our response was a direct bid with our direct sales and professional services team. Synergy 360 was not paid any fees in relation to winning the NDIA contract.

Salesforce did not win any business with Services Australia as the contracting party during the term of our contract relationship with Synergy 360.

For completeness, Salesforce notes that Synergy 360 signed on to the Salesforce's Partner Program Agreement, a Reseller Agreement and Fulfillment Reseller Addendum and engaged in one Fulfillment Reseller transaction prior to the expiration of that agreement. No payments were made to Synergy 360 under either of these agreements.

Cooperation

Salesforce has been conducting business in Australia for 20 years. We are proud of the work we do for the Australian Government, and our other Australian clients, and we are committed to our code of conduct, and to acting with integrity and transparency in every aspect of our business.

Salesforce is committed to assisting the Committee with its work. We are happy to provide any additional information as requested by the Committee.