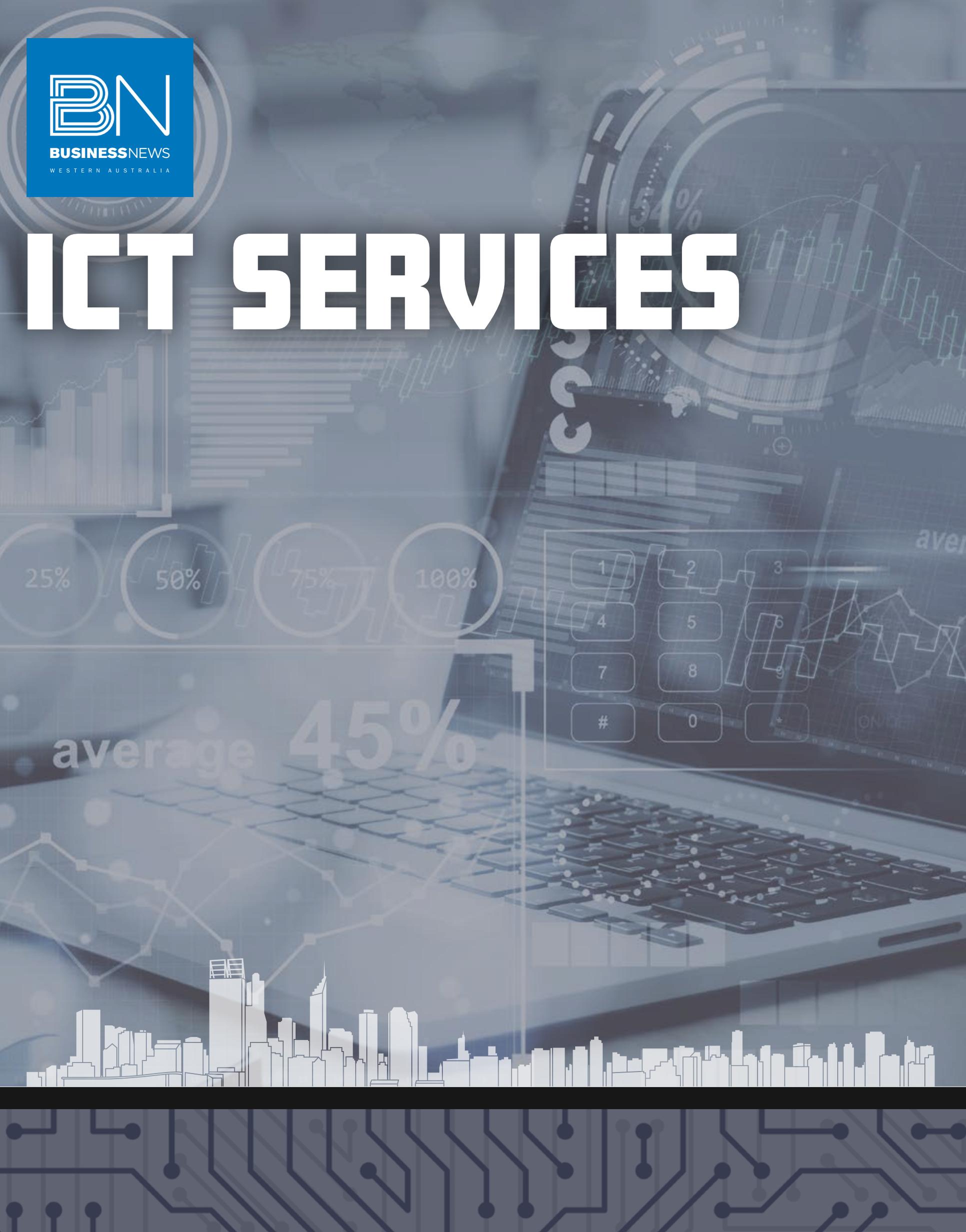




# ICT SERVICES



25%

50%

75%

100%

average 45%





**DANGER:** Craig Valli, who heads ECU's security research institute, says WA has high exposure to cyber attack. **Photo:** Jody D'Arcy

# ECU research behind cyber st

A startup company backed by Perth dealmakers John Poynton and Harry Karelis illustrates the commercial potential of cyber security.



**Mark Beyer**  
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investment group **Jindalee Partners**, one of the overarching themes they pursued was cyber security.

That led them to **Edith Cowan University**, where Craig Valli heads the security research institute.

It is ranked among the top 10 cyber security research groups in the world, putting the institute at the forefront of a global trend.

Interpol has just six academic members on its cyber crime experts group, and two of them work at ECU – Professor Valli and his colleague Andrew Woodward.

While criminal forensics is one area the institute specialises in, it is also working with the business sector.

Professor Valli believes Western Australia is particularly exposed to risk of cyber attack due to the state's economic dependence on mining and petroleum projects that increasingly are controlled remotely.

Remotely operated technology is also used to control infrastructure such as power supplies and water supplies.

That's where **SC8** (pronounced Skate) comes in.

Mr Karelis said the company was formed in 2016 after he and

Mr Poynton met Professor Valli and saw the potential in ECU's cyber research.

"Our mission is to find technology with global potential that nobody else has discovered," Mr Karelis said.

"We formed a company to pull together the people, the project and the capital."

SC8, which is jointly owned by ECU and Jindalee's investors, raised \$1 million in 2016 to develop a 'proof of concept' and a further \$3.5 million in September last year.

"We've achieved all of the intended goals of production platform one, and we will just

continue to grow," Professor Valli said.

SC8 is now working with ASX100 companies helping to protect their remote operations, and is planning a commercial launch later this year.

"We've now got a large industrial company signed on and there are two others racked and ready to go," Professor Valli said.

SC8's system is used to analyse network data, to look for anomalies and report back in real time.

Professor Valli described it as a 'system of systems'.

"There are lots of little pieces in the market that solve little

**W**HEN John Poynton and Harry Karelis set out to find new opportunities for their

and mid-sized companies to identify their cyber risks and connect them with appropriate products.

Local broker **Patersons Securities** was lead manager on Whitehawk's \$4.5 million IPO, with **Steinpreis Paganin** acting as legal adviser.

Professor Valli said there was increasing awareness in the business community of cyber risk, but there was a long way to go.

"We have to be more cautious and more aware of the compounding threats and take appropriate, reasonable countermeasures through good governance and good risk management," he said.

Professor Valli suggested cyber risk needed the same level of attention as occupational safety and health.

He said many consultants and boards wanted to be able to 'tick off' cyber risk by implementing some form of solution.

However, he warned there were a lot of cyber 'shysters' touting solutions.

"They have always got a silver bullet, but there is no single solution because the threat is multi-faceted," Professor Valli said.

He also cautioned there was often a big disconnect between boards of directors, which sought to address the strategic risk, and people who ran the organisation.

"It hasn't filtered down through the organisation and caused real operational change, to have the impact the board is trying to drive," Professor Valli said.

He said Australian organisations also needed to be aware of the regulatory focus on cyber risk.

He cited Europe's general data protection regulation, which comes into effect in May.

It requires organisations holding data belonging to individuals from within the EU to provide a high level of protection and explicitly know where all data is stored.

This regulation applies to any organisation with an establishment in the EU, offering goods and services in the EU, or monitoring the behaviour of individuals in the EU, and imposes fines of up to €20 million.

**DXC Technology** managing director Australia and New Zealand, Seelan Nayagam, believes



**THREAT:** Seelan Nayagam says it is impossible to eradicate the risk of cyber attack.

# artup

problems; what we've done with the SC8 platform is bring together the jigsaw," he said.

"Through that integration, the sum of the parts is greater than the whole."

Messrs Poynton and Karelis are not the only dealmakers pursuing opportunities in cyber.

**Viaticus Capital** principal Gavin Rezos, who divides his time between Perth and Washington DC, was corporate adviser on the January ASX listing of US company **Whitehawk**.

Whitehawk describes itself as the world's first online security exchange, enabling small

there is a high level of awareness of cyber risk at board level.

"I don't believe any board now believes cyber risk is hype," Nayagam told *Business News*.

"There are many businesses around the world that have been brought to their knees."

Mr Nayagam was in Perth recently for the opening of DXC's new CBD office, and to announce the acquisition of local firm M-Power Solutions.

That deal lifted DXC's staff numbers in WA to 330, making it one of the top four ICT firms in the state, according to data compiled by *Business News* for the BNIQ Search Engine (see page 26).

Mr Nayagam said it was impossible to eradicate the risk of cyber attack.

"You need to have cyber security, and that is now clearly a board topic," he said.

"If you are going to participate in the digital economy,

**\$4.5m**  
RAISED BY SC8  
SINCE 2016

you've got to have cyber risk at centre stage.

"You just have to assume you are going to be attacked, the challenge is how do you respond, and how do you contain it?"

DXC's regional leader WA, Mike Munson, said his firm was aiming to help customers manage this change.

"We are leading customers on their digital transformation journeys, and we're certainly having very broad business conversations as opposed to five years ago having IT conversations," he said.

"The digital economy is driving that change, it's driving customers to look at how they

interact with the market, plus demographics and innovation."

EY's 20th global information security survey found Australian and New Zealand companies are underprepared for cyber attack, with a lack of investment, strategic awareness and general complacency regarding cybersecurity.

The survey found Australian and NZ corporates rank the risk of careless employees as the highest area of cybersecurity concern.

Almost half of those surveyed indicated data loss or leakage as an area of low concern for them.

EY's APAC cyber security leader, Richard Watson, said this was the very combination of factors that led to a large number of recent cyber attacks.

The EY survey also found 88 per cent of Australian respondents wouldn't be able to detect a sophisticated cyber attack.



**REFORM:** Dave Kelly is reviewing ICT policy as part of the government's public sector reform agenda.

# Govt facing ICT challenge

Three major reviews have called for a big shake-up of the state government's information and communication technology (ICT) strategy.

## Mark Beyer

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EFFORTS by the Department of Health to finalise a \$408 million contract for its nine-year HealthNext project serve as a reminder of the ICT procurement challenges facing the McGowan government.

The department's plan is to transition ICT services by November, from current supplier Fujitsu to one (or more) of three contractors appointed under the former government's GovNext program.

However, the department says it has been unable to determine

the full scope of its ICT contract, because the ability of GovNext contractors to provide the required services is unclear.

"It is yet to commence transition planning and acknowledges that the timeframes will be challenging," according to the final report of the Langoullant review, which was handed down by former under-treasurer and Chamber of Commerce and Industry of WA boss, John Langoullant last month.

To mitigate risk, the department is concurrently scoping and planning another tender for managed services.

"The Department of Health (WA Health) estimates that approximately 50 per cent of the managed services that it requires will not be covered by the GovNext ICT common-use arrangement," the review found.

The move to HealthNext comes after huge blowouts on the department's eight-year contract with Fujitsu, which is expected to cost close to double the original estimate.

The uncertainty surrounding WA Health's ICT plans is matched by uncertainty over the future of GovNext itself.

GovNext is a cloud-based as-a-service business model, under which government agencies will buy ICT infrastructure services (and associated managed services) from three consortia, led by Atos, Datacom and NEC Australia, instead of purchasing their own hardware and building their own systems.

It has triggered resistance by some government agencies, which have questioned the expected benefits, and a competitive response by current suppliers, which are reportedly slashing prices to try and retain work.

The Office of the Government Chief Information Officer (OGCIO), a small agency with just 19 staff, has led the move towards GovNext, which underpinned its broader Digital WA strategy.

The McGowan government's service priority review, released late last year, included strong criticism of the Digital WA strategy.

"Stakeholders have raised concerns about the strategy, including a lack of clarity in and cohesiveness between the strategic goals it proposes, and minimal accountability

“ This (OGCIO funding extension) will allow us to determine the best approach to delivering meaningful functional leadership for ICT in the public

sector - Dave Kelly

for their delivery across the sector,” the service priority review stated.

“The strategy does not contain reference to any cost-benefit analysis of the initiatives it proposes.

“More generally, stakeholders have suggested that the lack of a formal requirement for agencies to participate in Digital WA initiatives presents a significant risk to realisation of the state’s digital transformation agenda.”

The review also noted a lack of cross-government ICT leadership.

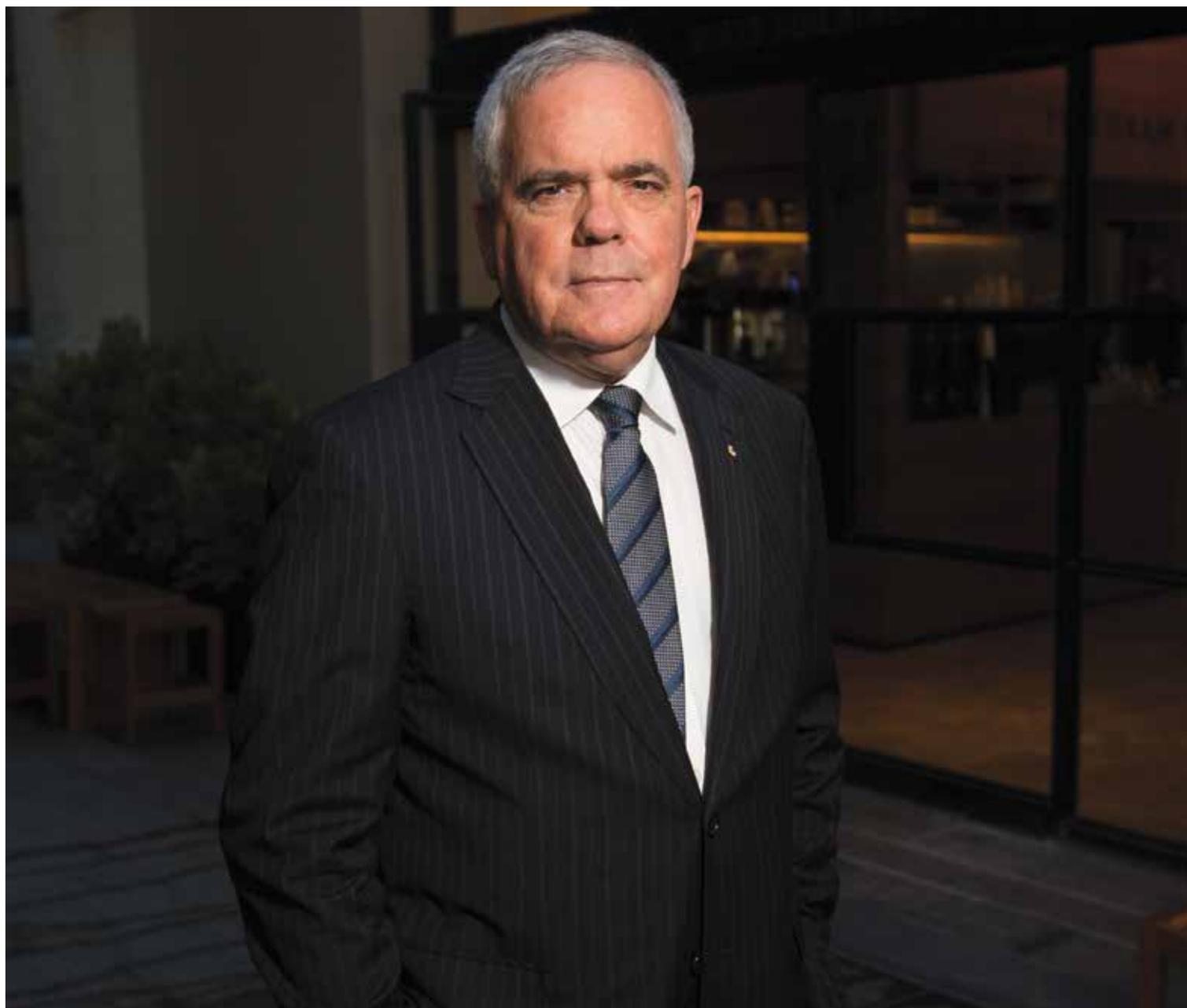
“The OGCIO’s role and mandate is widely regarded as limited and ICT priorities are accordingly subservient to competing expenditure decisions at agency level,” the report stated.

The service priority review recommended ICT procurement should lie within the Department of Finance, while policy functions associated with digital transformation, cyber security and data sharing; i.e. the work undertaken by the OGCIO, should be located within the Department of the Premier and Cabinet.

The Langoulant review heard strong criticism of GovNext.

It noted that, when GovNext was launched, the estimated savings were \$650 million over 10 years, out of total spending of \$3 billion.

The OGCIO’s latest estimate was savings of \$65 million over three years.



**MISSING:** John Langoulant says GovNext lacks a coherent implementation plan. Photo: Attila Csaszar

However, the success of GovNext rests with the largest government agencies transitioning, as this will boost the volume of services and drive cost reductions.

Several big agencies were highly critical.

The Department of Education said GovNext was financially unviable and would be detrimental to schools, while the WA Police Force said it would need an \$11 million capital injection and an extra \$6 million in annual funding to transition to GovNext, with the overall financial impact being break-even at best.

More generally, agencies transitioning to GovNext told the review they had concerns regarding delayed confirmation of services, and lack of money and expertise to support the transition.

On balance, the Langoulant review concluded there was merit in the GovNext program

developing a cost-effective ICT system across government, but noted the program lacked a coherent whole-of-government implementation plan.

“A lack of coordination among the large agencies may impact the viability of the GovNext purchasing arrangements and the vendors’ ability to cope with fluctuating and unpredictable demand and may undermine the realisation of financial benefits,” the review said.

It said the government would need to reaffirm its commitment to the program and provide additional resources for agency transition and program management.

The government’s Sustainable Health Review, which reported last month, also found major shortcomings in the state’s ICT strategy.

It noted that technology was often seen as a way to save money, and improve efficiency

and patient outcomes, but added it was also one of the largest drivers of cost in the health sector.

“The need to improve ICT systems across the WA health system is clear,” the review concluded.

“The challenge is to mobilise and manage the upfront investment in ICT in such a way that it does not compromise the provision of other initiatives.”

The review noted the establishment of Health Support Services as a separate statutory authority in July 2016 to provide critical ICT, procurement, payroll and financial services to the WA health system.

“While a number of recent changes have been made to improve the delivery of support services, we have heard consistently that there is significant scope to transform the delivery of these services and support more innovative and cost-effective approaches across the WA health system,” the review found.

Innovation and ICT Minister Dave Kelly is currently weighing up this flurry of advice.

Mr Kelly told *Business News* the recent reviews had highlighted the importance of ICT to the future of the WA public sector.

He also noted the McGowan government had extended funding for the OGCIO by 12 months, to June 2019.

“This will allow us to determine the best approach to delivering meaningful functional leadership for ICT in the public sector,” Mr Kelly said.

“This will be considered holistically within the context of our public sector reform agenda.”

Mr Kelly also noted the Langoulant review’s finding that GovNext had considerable merit, but improvements needed to be made to the way the project was implemented.

“We are currently working through this,” he said.

ICT PROFESSIONALS IN TOP 10

**↓ 15.6%** SINCE 2017

Rank	Change from previous year	Company name	Senior executive and title	Year est. in WA	Number of ICT & technical professional staff in WA	Total staff in WA	Offices in WA	Notable clients	Web Development	Application Development	Embedded Systems Development	Hardware Sales	Infrastructure Support	ISP Services
1	—	<b>Kinetic IT</b>	Mr Michael North Chief Executive	1995	<b>552</b>	692	a) 1 b) 4	WA Police, Department of Communities, GovNext, BHP, Qantas, Inpex, Department of Education, NT government, Victoria Police	Yes	Yes	Yes	No	Yes	No
2	↑	<b>Ajilon</b>	Ms Kelly van Nelson General Manager, Group Operations	1998	<b>531</b>	572	a) 1 b) 5	WA Police, Department of Justice (WA), BHP Billiton, Rio Tinto, Roy Hill, Woodside, Inpex, Landgate, Department of Health (WA), Chevron, Department of Fire & Emergency Services (WA), Department of Justice & Attorney-General (QLD)	Yes	Yes	Yes	No	Yes	No
3	↑	<b>Empired</b>	Mr Russell Baskerville Managing Director	1999	<b>330</b>	370	a) 1 b) 4	Rio Tinto, BHP, Main Roads, Conoco Phillips, Western Power, Horizon Power, NRW, HBF, ENI, Karara Mining, TSA Telco	Yes	Yes	Yes	Yes	Yes	No
4	↓	<b>DXC Technology</b>	Mr Chris Upstone National Mining and Energy Lead	1970	<b>330</b>	330	a) 1 b) 20	Chevron, Department of Justice, WA Police, Department of Defence, South32, Citic Pacific Mining, Department of Fire & Emergency Services, Public Transport Authority, WesTrac	Yes	Yes	Yes	Yes	Yes	No
5	—	<b>ASG Group</b>	Mr Geoff Lewis Managing Director	1996	<b>320</b>	350	a) 3 b) 5	Clough, Dept of Education, Western Power, Main Roads, Dept of Communities, AGC, Edith Cowan University, Prime Minister & Cabinet, Dept of Broadband, Defence, Dept of Education and Early Childhood Development, Qantas, Vodafone, ANZ	Yes	Yes	Yes	Yes	Yes	No
6	↑	<b>IBM Australia</b>	Mr Garry D'Orazio WA Location Executive	1956	<b>NFP</b>	NFP	a) 1 b) 12	Woodside, Inpex, Western Power, Water Corporation, Bankwest, Rio Tinto, Chevron	Yes	Yes	Yes	Yes	Yes	No
7	↓	<b>Telstra</b>	Mr Tim Hurst Head of Telstra Enterprise WA, Major Accounts	1993	<b>298</b>	1,700		BHP, Commonwealth Bank, Wesfarmers, Seven Group, Westpac, Department of Defence, Department of Human Services, Qantas	No	No	No	Yes	Yes	Yes
8	↑	<b>Vocus Communications</b>	Mr Adam Gardner General Manager, Data Centres	2008	<b>NFP</b>	204	a) 2 b) 20		No	No	No	No	Yes	Yes
9	↓	<b>Fujitsu Australia</b>	Mr Ron Costanzo WA State Sales Manager	1981	<b>NFP</b>	NFP	a) 4 b) 27	WA Govt Health Services, WA Police, GESB, Lotterywest, BP, Caltex, Horizon Power, Department of Communities	No	Yes	Yes	Yes	Yes	No
10	—	<b>Datatel Electrical &amp; Communications</b>	Mr Paul Johnson Operations Director Telco	1998	<b>175</b>	200	a) 1 b) 3	Department of Education, Royal Perth Hospital, The University of Western Australia	No	No	No	Yes	Yes	No
11	—	<b>Accenture</b>	Mr Christophe Bourdeau ANZ Resources Digital Lead	2007	<b>NFP</b>	191	a) 1 b) 5		Yes	Yes	Yes	Yes	Yes	Yes
12	—	<b>Zetta</b>	Mr Nathan Harman Managing Director	2004	<b>146</b>	158	a) 1 b) 1	Western Power, WA Dept of Communities, Woodside, BHP Billiton, NOPTA, AEMO, Mitsubishi, Murdoch University, Scitech	Yes	Yes	No	Yes	Yes	Yes
13	—	<b>NEC Australia</b>	Mr Marcus Ashby State Manager, WA	1983	<b>124</b>	150	a) 1 b) 10	Bankwest, BHP, Chevron, Department of Justice, Department of Health, Department of Water & Environmental Regulation, Iluka, Royal Flying Doctor Service, Rio Tinto, Synergy, Woodside	Yes	Yes	Yes	Yes	Yes	No
14	—	<b>Deloitte</b>	Mr Michael McNulty Managing Partner, Western Australia	1891	<b>110</b>	550	a) 1 b) 17		Yes	Yes	Yes	No	No	No
15	↑	<b>Velrada</b>	Mr Rob Evans Chief Executive	2009	<b>80</b>	130	a) 1 b) 3	BHP Billiton, Department of Planning, Lands & Heritage, WA Police, Woodside Energy, MMG, Department of Local Government, Sport & Cultural Industries, SA Health, WA Treasury Commission, Rio Tinto, Santos, Department of Transport, Monadelphous	Yes	Yes	Yes	No	Yes	No

16  
RANKED BY NO. OF ICT & PROFESSIONAL STAFF IN WA  
137

All information compiled using surveys, publicly available data and contact with industry sources. Other companies may be eligible for inclusion. If you believe your company is eligible, please email [claire.byl@businessnews.com.au](mailto:claire.byl@businessnews.com.au). WND: Would Not Disclose, NFP: Not For Publication, N/A: Not Applicable or Not Available.

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