



ICT Shared Services

28 October 2024

Proposal for ICT Shared Services Cost Allocation Model

Executive Summary

This document presents a comprehensive analysis of ICT service cost allocation across HA Group's divisions in Africa, comparing the current allocation model with a proposed service-based model. The analysis covers five active divisions with a total of 23 users across Zimbabwe (12), Tanzania (5), South Africa (3), Malawi (2), and Botswana (1).

Cost Allocation Models

User Distribution:

- Zimbabwe: 12 users (52.2%)
- Tanzania: 5 users (21.7%)
- South Africa: 3 users (13.0%)
- Malawi: 2 users (8.7%)
- Botswana: 1 user (4.4%)

Total Users: 23 (Excluding Email Accounts clem, aggie & clary)

I propose two options for the cost allocation models for the group divisions. This will be in a 40/60 split. 40/60 split divides total costs into two components:

- 40% Fixed Cost: Core service costs that remain constant
- 60% Variable Cost: User-dependent costs that scale with usage

Option 1: Current Model (Total ZAR 20,500pm*)

- Fixed Cost (40%): ZAR 8,200
 - Each Division: ZAR 1,640
- User-Based Cost (60%): ZAR 12,300
 - Zimbabwe: ZAR 8,061
 - Tanzania: ZAR 4,309
 - South Africa: ZAR 3,239
 - Malawi: ZAR 2,710
 - Botswana: ZAR 2,181

Option 2: Service-Based Model (Total ZAR 26,000pm)

- Fixed Cost (40%): ZAR 10,400
 - Each Division: ZAR 2,080
- User-Based Cost (60%): ZAR 15,600
 - Zimbabwe: ZAR 10,223
 - Tanzania: ZAR 5,465
 - South Africa: ZAR 4,108
 - Malawi: ZAR 3,437
 - Botswana: ZAR 2,766

***pm – Per Month**

Summary Comparison

Division	Option 1	Option 2	Difference
Zimbabwe	ZAR 8,061	ZAR 10,223	+ZAR 2,162
Tanzania	ZAR 4,309	ZAR 5,465	+ZAR 1,156
South Africa	ZAR 3,239	ZAR 4,108	+ZAR 869
Malawi	ZAR 2,710	ZAR 3,437	+ZAR 727
Botswana	ZAR 2,181	ZAR 2,766	+ZAR 585
TOTAL	ZAR 20,500pm	ZAR 26,000pm	+ZAR 5,500

Option 1: Current Cost Allocation

This remains at **ZAR 20,500pm** with a straightforward division-based allocation, requiring no changes as it simply divides the existing cost.

Option 2: Service-Based Allocation

The total cost will be **ZAR 26,000pm**, which includes:

- Base Cost: **ZAR 21,000**
- IT On-Call Allowance: **ZAR 2,500** for after-hours availability and emergency response, covering weekends, holidays, and critical issues outside business hours to ensure 24/7 IT system monitoring and rapid issue resolution.
- Technical Support Bonus: **ZAR 2,500** for cross-country support, advanced troubleshooting, system optimization, security management, and consistent service delivery across divisions.

This compensation structure addresses the demands of managing IT systems across five countries, maintaining security, and supporting users with varied technical needs.

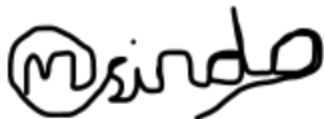
Conclusion

Both options offer cost-saving measures like remote support and optimized processes. Option 1 is budget-friendly and sufficient for basic needs, while Option 2 enhances support with moderate added cost. The final decision is based on the company's priorities and budget. Next steps include selecting an option, planning implementation, and monitoring outcomes to ensure quality support across divisions.

Please let me know if there were any other elements you would like to discuss or if you have additional feedback regarding the proposed recommendations.

Best regards,

Clarence Itai Msindo

A handwritten signature in black ink, appearing to read 'msindo', with a stylized circular flourish at the beginning.

ICT Shared Services Lead