

An overview report on government ICT for 2024

August 2024

מערך הדיגיטל הלאומי
نظام الديجيتال الوطني
Israel National Digital Agency



The Israeli government CIO Mrs. Ofra Frankel

I am honored to present to you the annual report reviewing government ICT activity for 2024.

The past year was full of unique challenges, which required flexibility, innovation and exceptional determination from us.

This year, we faced significant emergency challenges that affected all areas of life in the country.

The state of war imposed on us necessitated the extensive mobilization of reserve forces who left their jobs to strengthen the state's security system. In general, many of the government and public service employees. Despite this, we were able to maintain functional continuity and continue to provide all essential services to the citizens of the country, while adapting the work methods to the changing reality.

In addition, the state of emergency required the development of unique systems for the services that the emergency period created in the country.

This report reflects the many efforts invested in maintaining the efficient functioning of the state's systems during this challenging period.

One of the main topics on the government's agenda is the progress of the digital revolution. I am proud to point out that we continued in the National Digital Agency to lead processes of efficiency and innovation in the fields of computing and digitization in all government ministries.

In addition, this year the special emphasis on promoting the data revolution and the transition to the cloud in the public sector was extended. The National Digital Agency focused on accelerating these processes, which are expected to lead to a significant improvement in analysis capabilities, decision-making and service to the citizen. The ongoing efforts to implement cloud technologies and the efficient utilization of data are expected to improve the flexibility and efficiency of government information systems, while increasing security and cost savings. This progress is an important pillar in the government's overall digital vision.

The report also presents how we dealt with the economic challenges that resulted from the emergency, including the need to allocate resources immediately for urgent needs, while maintaining long-term stability.

In conclusion, I would like to express my deep appreciation to all government and public service employees for their dedication and professionalism in this challenging year.

Together, we will continue to work for the strength of the State of Israel and the well-being of its citizens. Good luck!

The structure of the report

Glossary of Terms

Broad ICT goals

Cost and capital chapter

- The annual workplan in numbers
- Financial activity
- Source of budget
- Usage of budget
- Technological human capital

International benchmark chapter

- International benchmark - scope of financial activity
- International benchmark - IT department to office

Glossary of Terms

Broad ICT goals

Objectives defined broadly by the National Digital Agency, as part of the annual ICT workplan.

Computer workers

Civil servants and service providers in digital and information technology departments (TDM).

Sources

Financial sources of the TDM Division, which are used to finance its business activities. For example, IT base budget, budget from the Ministry of Finance, Income received from other departments or offices.

Usages

The usages refer to the way in which the division's financial sources are used, such as salary payments, Payments to other offices, operational expenses, infrastructure, etc.

Benchmarks

Comparative information according to different criteria of the office/division in relation to offices/divisions in other countries.

Broad ICT goals



Broad ICT goals

The National Digital Agency leads and promotes many projects throughout the government. Here are the horizontal focuses for 2024:



Implementing the data revolution and artificial intelligence

The National Digital Agency works to strengthen data capabilities among public sector bodies, with the aim of turning public sector organizations into data-based organizations and advanced data technologies (Data Driven Public Sector).



Migration to cloud

The governmental cloud vision sees the "Nimbus" project as a catalyst for changing deep processes, which affect the government's work at all levels, through the ability to implement technological solutions that respond to the frequent rate of changes in needs, in the way services are consumed, and in priorities.



Digital services for the public

The "resident/business in the center" concept in the ONE STOP SHOP service format, which includes the ability to consume services in a variety of service channels: services for residents, businesses, "life events". Improving the user experience through a variety of supporting applications to improve the service.

Cost and capital chapter



This is the ninth year in which the managers of digital and information technology departments (TDM) are required to report on the scope of the activity under their management. The information presented in this chapter is based on the plans received from the managers of digital and information technology departments in government ministries (see [link](#) to the list of offices).

The quality of the data regarding the scope of financial activity is improving year by year, and in our estimation is good enough to estimate the magnitudes of the scope of the annual financial activity at the office level. This information has improved compared to previous years, and will continue to improve as we advance in these processes every year and as the processes of assimilation and control of the National Digital Agency deepen. Since there is currently no uniform method for managing ICT budgets and their control in government systems, certainly not in the detail in which the information was requested and received, this is the best source of information. We therefore point out that the National Digital Agency is leading, in collaboration with the Accountant General and the Procurement Administration, a project to adapt and standardize the methods of reporting computing costs and that these data are expected to be received from the government budget and procurement system (Merkava).

Regarding the number of state employees, the data is at a very high level of accuracy because it is managed under the regulations and control of the State Service Commission.

Regarding the amount of computing service providers according to inputs, the data is at a high level of accuracy because it has been managed with a similar methodology for several years under the monitoring and control of the Committee for the Scope of Computing Service Providers, which is shared with the National Digital Agency and the Procurement Administration at the Ministry of Finance.

As those who trust the centralization of the issue of open government in the government, we believe that the disclosure of the total information is important both for the purposes of transparency - to get the overall picture of the situation in the government, and to provide benchmarks regarding trends and the way the inputs are distributed between the established sub-classifications.

The annual workplan in numbers*

Financial activity

5.7 billion NIS



Number of computing workers

6,629



Annual cost of reported projects

873.5 million NIS



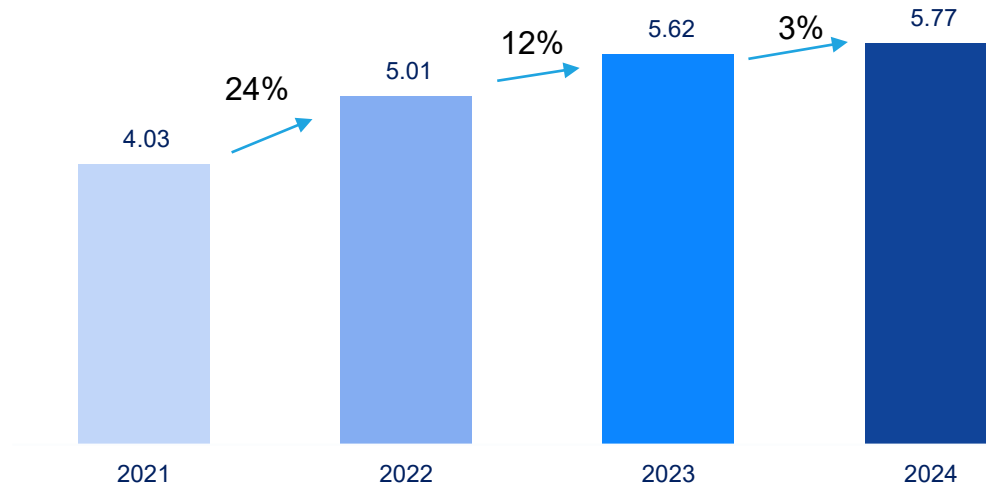
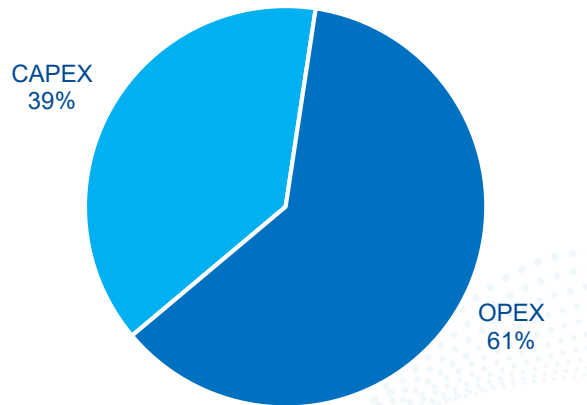
Amount of projects reported

526



Scope of financial activity *

Summary in billions of NIS

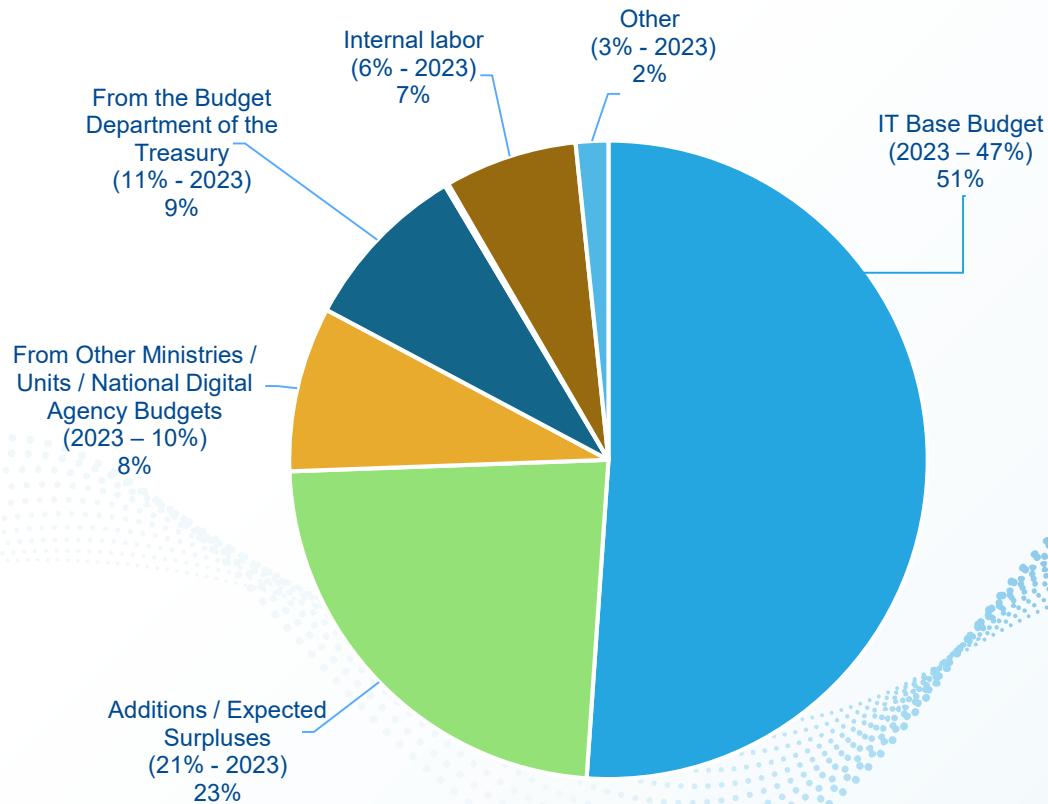


* According to the ministries' report for the sources of the scope of financial activity in billions of NIS, 2024 planning data, 2021, 2022, 2023 execution data

Source segmentation 2024 *

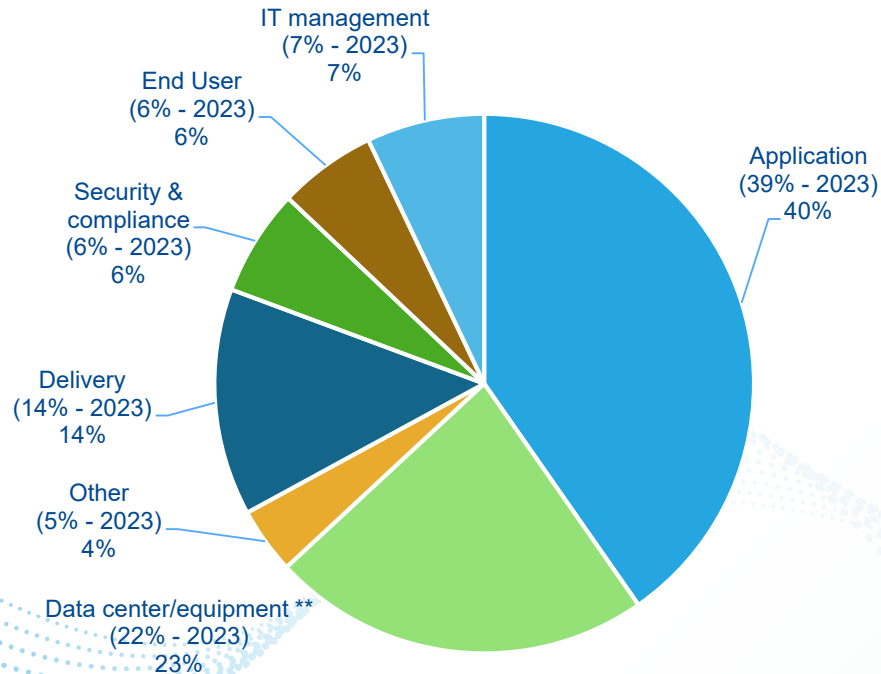


- Base budget marked IT increases along with expected surpluses
- In about 70% of the offices, the base budget marked IT does not cover the operational budget

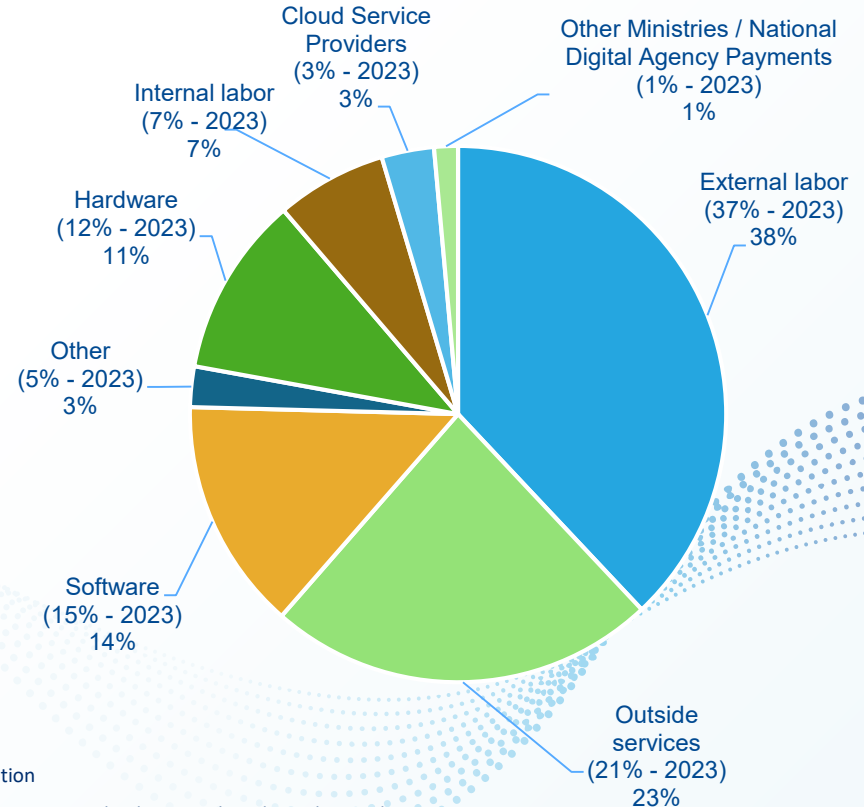


* According to the ministries' report for the sources of the scope of financial activity 2024 - planning, 2023 - execution

Usages from a technological view



Usages from a accounting view *



* According to the ministry's report for uses, technological perspective 2024 - planning, 2023 - execution

Computer room / equipment contains categories: computer room, computing power, storage, communication, databases and media and central printing

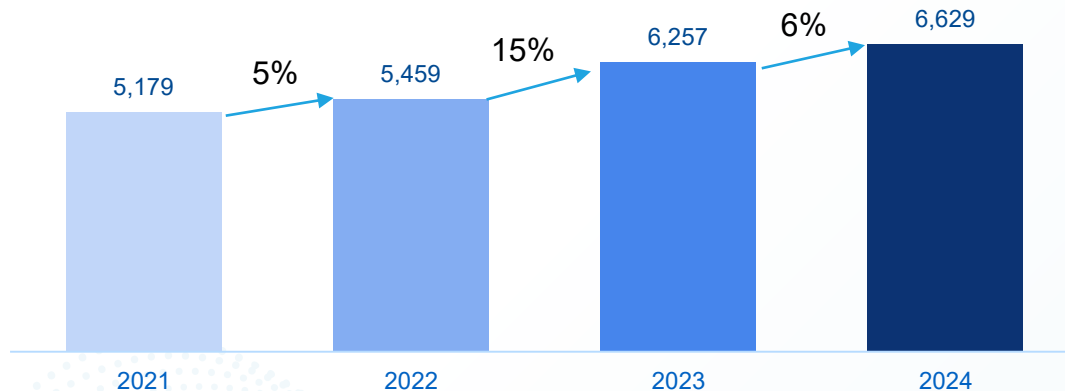
**Data center/equipment including Data center, Compute, Storage, Network, Platform and Output - central print.

Technological human capital - FTE *

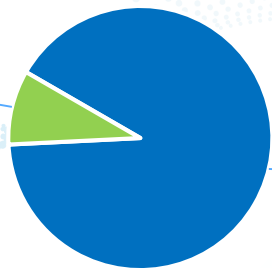
Summary



Despite the state of national emergency and horizontal budget cuts, there seems to be a positive trend in manpower standards

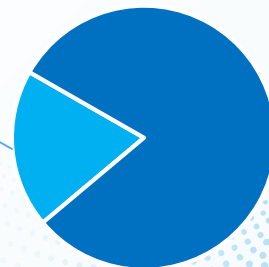


External employees - not yet recruited 9%



Staffed External labor 91%

Internal labor 19%



External labor 81%

* According to the ministries' report, the terms of the digital system are based on the standards of service providers from opening balances as of 01/01/2024 - this is not an actual situation

FTE (Full Time Equivalent) which includes civil servants and service providers "manpower engaged in IT"

International benchmark chapter



Benchmarks* – Capex / Opex **

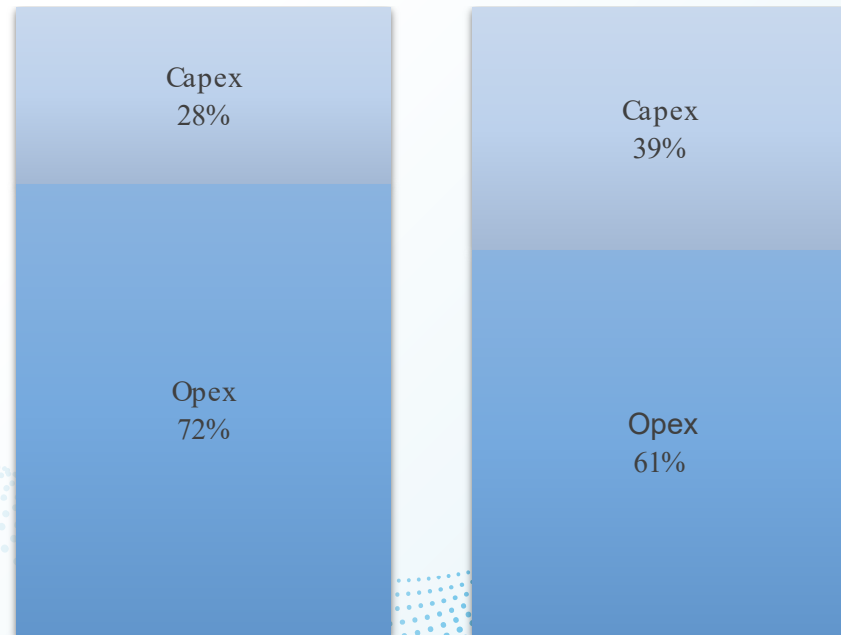


Differences can be due to the following main reasons:

- Digital transformation momentum, system development and infrastructure renewal in government offices.
- Realization of the "citizen at the center" vision of the digital system and rapid progress towards "customer" oriented organizations (citizen/business).
- Expanding the broad use of myGov, the personal and business area, and thereby expanding the use of the national identification system in the many central infrastructures that have been deployed and reached maturity in recent years.

Differences in definitions and their interpretation -

- According to Gartner, the definition of Capex includes only activity that brings new value to the business.
- In the government measurement, the definition of Capex also includes activity to replace existing systems, which does not necessarily all bring new value to the business.



Governmental sector in the world

Government ICT data

* IT Key Metrics Data 2024: Key Industry Measures: Government-National and International Analysis

** Investments = change (grow + transform), current = run

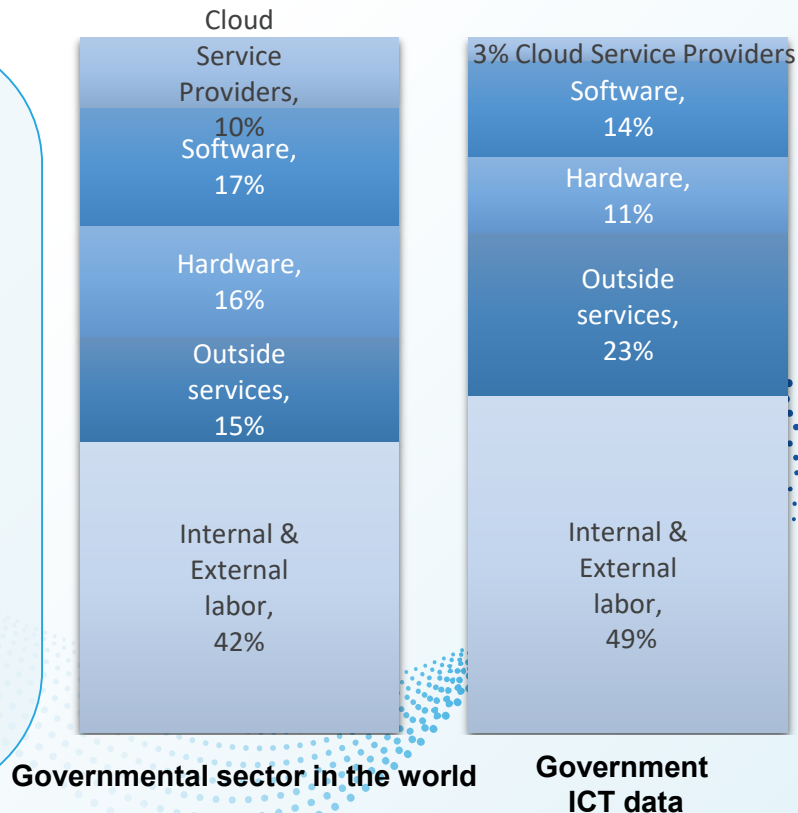
Benchmarks* - usages from an accounting view



The gap reflects a tendency to multiply work based on inputs, at the expense of purchasing software or purchasing output-based outsourced services.

These differences arise, in our opinion, from the following main reasons:

- Tendency of the governmental ICT bodies for gradual development in an input model, and not for development explicitly defined in advance in an output model, due to the difficulties in defining overall content in advance and making procurement contracts.
- The uniqueness of the requirements of the government ministries in Israel and fundamental changes in off-the-shelf products, compared to the consumption of off-the-shelf products as a service between countries within the United States and/or within Europe.
- It is also evident that the entry of government IT in Israel into the "public cloud" environment is just beginning as part of the migration to the "Nimbus" cloud in relation to what is accepted in the government sector in the world. About 10% of the government sector in the world reports using the cloud in 2023, while the government sector in Israel devotes about 3% of its activity to this issue.



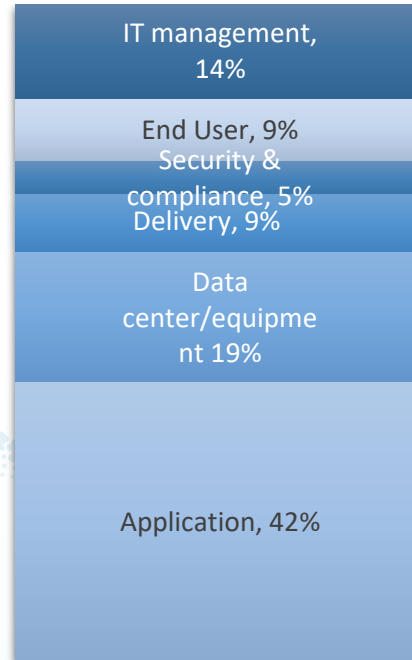
Benchmarks* - usages from a technological view



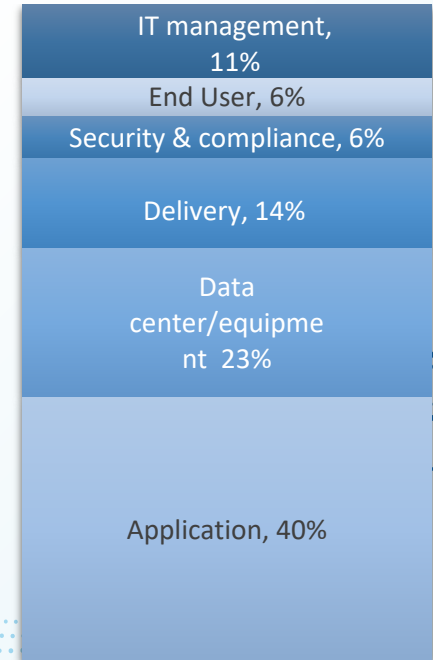
Following on from the previous explanations, it seems that the gap reflects investments in the development of new procurement in government IT.

From these data it is evident that:

- The investment in computer rooms / equipment is high compared to the rest of the world, a figure that is expected to change as a result of the government's transition to the "Nimbus" cloud.
- Management and headquarters are "lean" compared to what is accepted in the world.



Governmental sector in the world



Government ICT data

Benchmark* - IT department to office



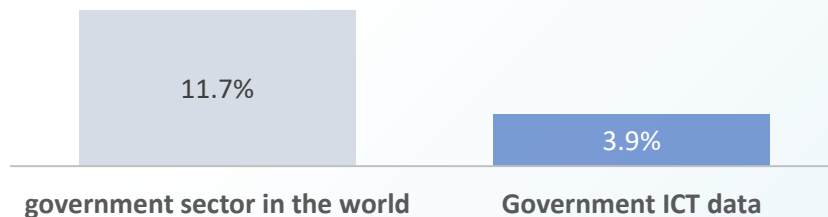
The ratio of ICT budgets to office operating budgets is significantly lower compared to the data in the world. These data were calculated differently from previous years and reflect a significant under-budgeting.

It is possible that the gap stems from a different calculation method in the world and definitions of what is included in the central government budget and what is included in the budget at the state level and local authorities. For example, in Israel, the costs of salaries for teaching and welfare workers in the authorities are included in the central budget.

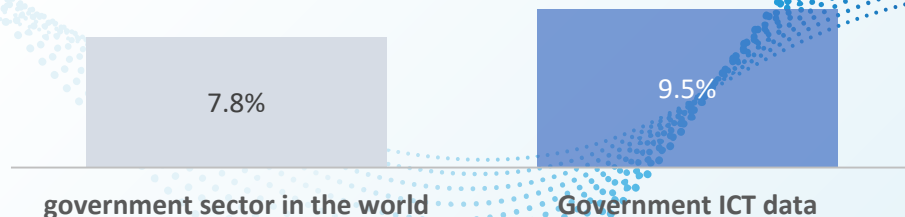


The ratio of FTE to civil servants is somewhat higher than the world average. In combination with the previous index, it seems that the above reflects a gap in the employee regulations and it is possible that additional information is required in order to obtain additional conclusions.

IT department budget ratio to the office operating budget (salaries and purchases) **



FTE ratio (IT human capital) for civil servants ***



* IT Key Metrics Data 2024: Key Industry Measures: Government-National and International Analysis

** According to the data of the budget department in the economic sections salary and purchases. Does not include transfers, investments, financing, etc. that are not expenses for operating the office

*** According to the Civil Service Commission data (for the offices managed by them), which include active civil servants and in temporary employment (including students, interns, etc.) without volunteers as of July 2024.