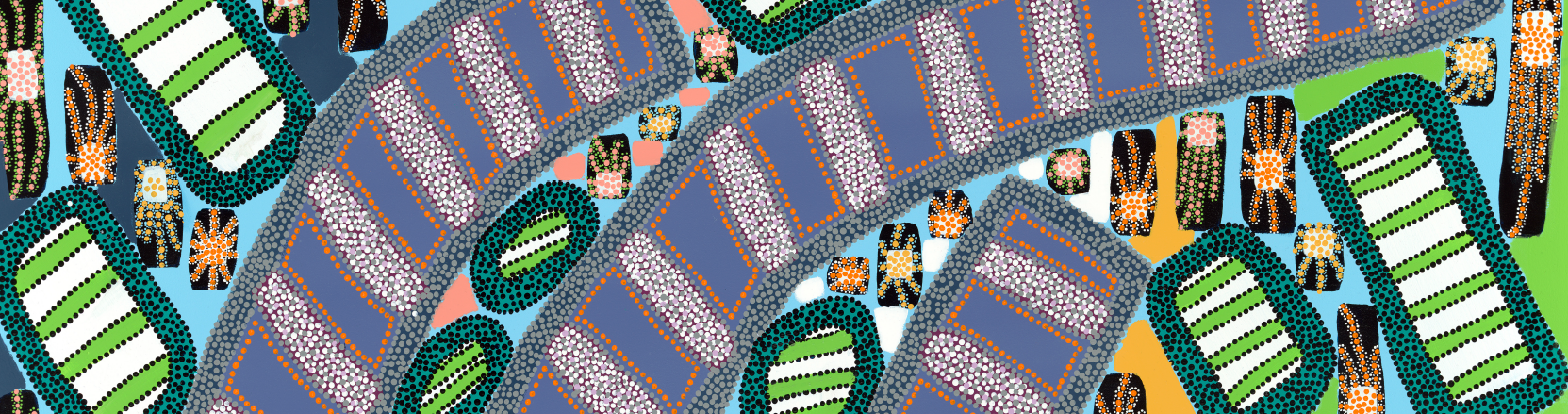
**Procurement Strategy for Professional Services**

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| Contract: [Number] – [Name] | |
| Document number: [Record Number] | Date: Monday, December 06, 2021 |

**Contact details**

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| Name: | Position: |
| Business Unit: | Division: |
| Phone: | Email: |



**Acknowledgement of Country**

NSW Treasury acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork: ‘Regeneration’ by Josie Rose 2020

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# Executive summary

Provide a clear and concise explanation. This section should contain mostly analysis and key conclusions rather than description. It should not exceed two pages.

## 1.1 Analysis

What is the project about?

What do we need?

What’s the total estimated total annual contract value?

Are there any whole of government or agency contracts already in place that can be used to provide the goods/services?

What does the supply market look like?

What risks are we facing?

## 1.2 Strategy

How do we approach the market and why?

What will success look like and why?

How do we manage risks and why?

## 1.3 Plan

How do we implement the strategy and why?

## 1.4 Critical dates

When does any existing arrangement conclude?

When do market documents need to be released?

When do we plan to award a contract and put arrangements in place?

# Analysis

## 2.1 Context

Provide a clear and concise overview of the project and its background. Briefly describe product/service and specify category/subcategories.

## 2.2 Business needs

### 2.2.1 Needs

Summarise **Stakeholder Analysis** and include completed template in the appendix if needed. The summary includes:

* the key stakeholders (clients, business units affected)
* a RACI
* the level of support of the project
* any constraints and sensitive issues.

Summarise **Desired Outcomes Statement** and include completed template in appendix if needed. The summary can be structured around the PRACTISE methodology which covers:

* performance (quality standards, time-based performance)
* relationship (integration, culture)
* amount (quantity, variability/potential growth)
* cost (total cost of ownership)
* technology (standard, system integration)
* innovation (supplier contribution to us, supplier innovation)
* service (account management, information management)
* environmental and social sustainability (environment, labour issues and WHS, Aboriginal businesses, disability enterprises, SMEs).

Explain how the following **demand-related opportunities** have been reviewed by:

* challenging the need
* reducing the frequency of use
* identifying alternative methods of fulfilling demands
* encouraging reuse and/or recycling
* simplifying and/or standardising specifications
* reducing the product and services range and complexity.

### 2.2.2 Applicable regulation and policies

What are the applicable regulations and policies? Examples include:

* SME policy
* Aboriginal participation
* local schools local decisions
* sustainability policy
* disability policy.

### 2.2.3 Whole-of-government principles for procurement

*[For whole of government procurement arrangements only, otherwise delete]*

Address how the procurement will conform to the whole-of-government principles for procurement:

* Delivering value for money, significant efficiencies and savings on a whole-of-government basis.
* Managing whole of government exposure to risk, including compliance and ensuring supply.
* Promoting a strategic, coordinated and outcomes-based approach to procurement.
* Giving effect to whole-of-government policy decisions or positions of government (e.g. promotion of competition).
* Where agency requirements are so common and consistent that it makes sense to establish a whole-of-government arrangement that meets the business needs of agencies and preserves government leverage from a commercial perspective.
* Introducing greater innovation and early industry engagement into government procurement and, where possible, to make doing business with government simpler, easier and more attractive, especially for regional businesses and small and medium enterprises.
* Building category management capability and expertise across the sector.

## 2.3 Supply market

### 2.3.1 Existing arrangements

What are the existing arrangements e.g. panels, prequalification schemes, agencies’ contracts with piggy-backing options?

### 2.3.2 Key players and market profile

Provide key findings of the Market Summary and include completed template in appendix if needed. The summary can be structured around the following elements:

* **Market dimensions** (what is our share of the market?).
* **Potential suppliers**: number of potential suppliers, who are the main players (turnover, location, core business, strategy), capability (skills and experience) and capacity to deliver on time, on budget and with the highest quality.
* **Market profile**
  + What are the cost drivers?
  + What is the level of profitability of firms operating in the industry?
  + What is the intensity of competition among existing companies (use Porter’s Five Forces template)?
  + Industry capability in NSW. Is the supplier market predominantly from overseas, is it an SME market or is it a trans-global market, and direction of the industry as a whole?
  + Is the industry new (i.e. undergoing rapid growth), intermediate or mature?
  + Has the market changed since we last procured?
  + Are any new products, services or technology available or expected?
  + Have solutions been implemented by other agencies?

### 2.3.3 Balance of power

Provide key findings of the **Balance of Power** and include completed template in appendix if needed. Also complete the **Supplier Preferencing Tool** if appropriate.

### 2.3.4 Industry engagement

Provide information about any **industry engagement approach** developed on this product/service.

## 2.4 Risks

### 2.4.1 Level of risk

Indicate the risk profile of the procurement taking into account the:

* value of the procurement
* complexity of the proposed procurement approach
* complexity of the proposed procurement arrangement
* strategic importance of the procurement arrangement
* risk assessment, in particular whether the identified are risks clustered towards higher or lower risk levels, and the highest individual residual risk level after mitigation.

### 2.4.2 Description of risks

It is mandatory to perform a risk management assessment of every contract irrespective of value.

Refer to **Risk Management Guide** contained in the **Insurance Guidelines**. Complete the **Risk Analysis** and attach if appropriate.

Summarise the key risks in the table over the page (risks rated high to extreme after mitigation; and with strategic or political implications).

As part of the risk assessment, identify the proposed types and levels of insurance to be required in the proposed contract. Are the types of insurance and their level of cover appropriate for this procurement? Please provide your case analysis.

### 2.4.3 Risk summary

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Procurement Name |  | | | | | |
| Category |  | | | | | |
| Value |  | | | | | |
| Period |  | | | | | |
| Risk Category | Risk Description | Likelihood Rating | Impact Rating | Risk Level | Insurance Type | Other Mitigation |
| Assets / Property |  |  |  |  |  |  |
| Legal & Governance |  |  |  |  |  |  |
| Reputation |  |  |  |  |  |  |
| Health and Safety |  |  |  |  |  |  |
| Environment |  |  |  |  |  |  |
| Financial |  |  |  |  |  |  |
| Contract Delivery |  |  |  |  |  |  |
| Technology |  |  |  |  |  |  |

# Strategy

## 3.1 Level of business criticality

Provide key findings of the **Supply Positioning** and include completed template in appendix if needed.

## 3.2 Top priority opportunities

Indicate the list of prioritised opportunities that should be driven out of the contract. Use the **Opportunity Analysis** Tool as a guidance.

## 3.3 Sourcing strategy

### 3.3.1 In-source versus out-source

Justify why the out-source option has been selected versus the in-source option.

If contract is to be established, justify why it should be a whole-of-government contract versus a prequalification scheme.

### 3.3.2 Demand management strategy

Challenge the need, can we reduce the frequency of use or identify alternative methods of fulfilling demands. Can we encourage reuse or recycling of products? Can we simplify and/or standardise the specifications to reduce the product and services range and complexity?

### 3.3.3 Sourcing method

How will we engage the suppliers? What is the best way to approach the market? e.g. EOI, RFQ, RFP, RFT, Direct Negotiation?

### 3.3.4 Evaluation criteria

Broadly present the key supplier capabilities we will assess and how they relate to the priorities of the project.

### 3.3.5 Environment and social sustainability

Identify and explain how major environment and social sustainability (WHS, labour, human rights, economic, etc.) issues will be managed.

In accordance with the **SME Policy Framework**, an **SME Opportunity Statement** must be prepared and released during the procurement planning stage. Please attach the **SME Opportunity Statement** as Appendix 1.

### 3.3.6 Purchasing strategy

How are we going to buy from this contract? E.g. NSWBuy®, electronic, book price, panel, 2nd level RFQ, prequalification, accredited, certified suppliers. (Include the level of NSWP Technology and Support Services involvement in developing this strategy).

### 3.3.7 Contracting strategy

Explain how the term of contract is determined. If there are any options to be included in the proposed term, explain and justify the necessity of including the proposed options. Refer to the ‘Promotion of Competition’ section (p. 15) of the Procurement Policy Framework for guidance.

## 3.4 Performance and benefits

### 3.4.1 Performance - KPIs (and SLAs – where determined)

What are the key performance indicators that will be managed during the term of the contract? For each KPI, what should be the target and tolerance levels? What should be the consequence of underperformance and/or over performance?

### 3.4.2 Benefits – Type and estimations

* Provide the benefit to the client including price and non-price benefits (e.g. process savings and improvement to the industry).
* Indicate the cost of setting up and maintaining this contract.
* Any indicative savings estimates should be net of any establishment costs.
* Attach a benefit plan or benefit tracking plan if available.

### 3.4.3 Contract management

How will the contract be managed? Use the **Contract Management Plan** as a guidance if needed.

E.g. whether monthly, quarterly or yearly contract reviews are to be performed, participants of meetings and whether SLAs, audits, inspections, incentive schemes form part of the contract and systems.

## 3.5 Risk management

Explain how risks will be managed during the term of the relationship.

# Plan

## 4.1 Project timeline

[Examples are provided for reference. Provide only high-level milestones and tailor to your procurement project and arrangement.]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | NSW Procurement Approach Step | | Milestones | Target Date |
| Plan | P1 | Analyse Business Need | Needs Assessment, Stakeholder Analysis, Supply Positioning, Risk Analysis, Desired Outcomes Statement |  |
| P2 | Analyse and Engage Market | Balance or Power, Market Summary, Porters Five Forces, Supplier Preferencing. |  |
| P3 | Finalise Procurement Strategy | Opportunity Analysis, Procurement Strategy Approved |  |
| Source | S1 | Approach the Market | Release EOI, RFP, RFT, Prequalification Documents |  |
| S2 | Select | Identify preferred supplier/s |  |
| S3 | Negotiate and Award | Negotiations Complete |  |
| Manage | M1 | Implement Arrangement | Contract award approved |  |
| M2 | Manage Arrangement | Deeds signed |  |
| M3 | Renew | Contract disclosed |  |

## 4.2 Governance structure

Provide governance structure, for example:

* Project control group.
* Steering committee (if required).
* Involvement of category management working groups.
* Composition of the evaluation team.
* Client reference group (if required).

## 4.3 Team roles and responsibilities

The project team will consist of the following members.

|  |  |  |
| --- | --- | --- |
| Team Member | Role | Responsibilities |
| *Name* | *Project Manager* | *Overall delivery of the project*  *Manage project team member activities* |
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