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NSW agencies buy goods and services worth $13 billion annually from approximately 235,000 businesses.

The NSW Government’s procurement reforms have brought a new approach to procurement, devolving most decisions to agencies, improving supplier competition, reducing administrative costs, and simplifying processes to ensure that best value for money in procurement is achieved.

Evidence is now emerging about the effectiveness of the Government’s procurement reforms. Agencies are saving money by buying smarter, competition amongst suppliers has increased, red tape has been cut and industry is more able to engage with agencies.

The following case studies represent examples from across Government on the innovative ways that procurement is solving business problems.

“NSW agencies buy goods and services worth $13 billion annually from approximately 235,000 businesses.”

Over the next year, the Government is accelerating its procurement reform program. Supplying to government will become easier, agencies will engage with industry more deeply about the business needs and more examples of innovative procurement will join these case studies.

Case studies in this brochure

1. Department of Family and Community Services – Ability Links NSW
2. NSW Department of Education and Communities – eProcurement
3. Sydney Trains – ePINS Fare Compliance
4. Fire & Rescue NSW – Helmet, Breathing Apparatus Mask and Integrated Communications
5. NSW Trains – Computer Reservation System
6. Transport for NSW – Workplace Supplies
7. Treasury – Fiscal Effectiveness Office
The Agency

Department of Family and Community Services, Ageing Disability and Home Care (ADHC) is responsible for providing services and support to older people, people with disability, their families and carers. Ability Links NSW (ALNSW) is a new initiative to support the ongoing reforms of the disability service system in NSW.

The situation before

An open tender was conducted in early 2012 but was deemed unsuccessful as it failed to identify suitable service providers to deliver Ability Links. A Ministerial Taskforce was established and provided a new context and mandate for delivering ALNSW.

The project

Three critical factors for the successful identification of entities to deliver ALNSW included:

1. Allowing the market to drive consortia formation rather than by Government facilitation
2. Outcomes based procurement whereby prospective tenderers participate in defining desired outcomes
3. Undertaking pre-market engagement so that a new market has a chance of ‘seeding’.

Implementation

The program will be delivered through ALNSW Coordinators, known as Linkers. Linkers will provide a locally based first point of contact designed to improve access and engagement in the local community, mainstream services and disability services.

The commissioning/tender approach commenced with an extensive pre-market strategy of state-wide briefings. These consultations provided the potential service market with an opportunity to engage with the design and requirements of the ALNSW model, followed by the procurement process – Registration of Interest, select tender (written application and structured interviews) and pre-contract negotiations.

The results

The early market engagement strategy identified and engaged existing organisations not principally involved in the delivery of disability services. This approach resulted in contracts/service agreements with a large community organisation and three new established consortia.

Key learnings

This approach to commissioning new services demonstrated a commitment to shared governance between ADHC and funded non-government community agencies. This facilitated the co-production and co-design of the ALNSW model to reflect individual needs, local circumstances and support development of social capital. The outcomes of the process will inform the implementation of the National Disability Insurance Scheme.
eProcurement

The Agency
The NSW Department of Education and Communities (DEC) serves the NSW community by providing world-class education and training and supports vibrant, inclusive communities.

The situation before
The NSW Government smartbuy® eProcurement solution was rolled out to 900 NSW Public schools to enable electronic ordering from DEC’s online catalogue containing over 1.2 million commonly purchased items.

The Office of Finance and Services decommissioned the smartbuy® suite of eProcurement solutions in 2012, affecting the 900 schools.

DEC reviewed two options for its schools to continue to procure from the DEC Online catalogue and suppliers electronically:

1. Transition to the new whole of government solution NSWBuy, integrated with the DEC Online Catalogue; or

2. Transition to a hosted (Interim) SAP SRM eProcurement solution integrated with:
   - The DEC Online Catalogue; and
   - The NSW Government electronic transactions ehub, prior to the full implementation of the Learning Management Business Reform (LMBR) program to all schools.

The project
The option to transition to a hosted (Interim) SAP SRM eProcurement solution was chosen as it provided a number of benefits to schools and the LMBR program.

The benefits were:
  - Schools would be making a single transition
  - Schools would already be familiar with electronic ordering once LMBR was implemented.

Implementation
Working collaboratively with SAP, the Office of Finance and Services and DEC Procurement Solutions Directorate (PSD) implemented The Schools Electronic Catalogue Ordering (SECO) system as an interim solution until LMBR/SAP is implemented to all NSW schools. This avoided a two-step transition.

The results
Today there are 1,500 NSW schools and 6,374 users connected to the SECO system and 128,389 purchase orders have been sent electronically to catalogued vendors since inception. Schools will be able to easily transition to the LMBR solution.

Key learnings
The solution was cost-effective and rolled out to 1,500 schools within 6 months. DEC leveraged suppliers to train schools on the SECO system ahead of transition to the LMBR solution.
The Agency
Sydney Trains has responsibility for the provision of passenger rail services within NSW. Its vision is to keep Sydney moving by delivering safe, customer-focused, reliable and clean rail services.

The situation before
The Fare Compliance Unit’s manual penalty infringement notice system has many steps within the business process where inadvertent errors may occur, thereby preventing the State Debt Recovery Office (SDRO) from enforcing a notice to completion. Generating manual notices is a time consuming activity that decreases the productivity of Sydney Trains Transport Officers.

The project
Strategic procurement was engaged to support the business to procure an Electronic Penalty Infringement Notice System (ePINS) to allow Transport Officers to electronically issue infringements using a mobile device or smartphone whilst achieving value for money.

Implementation
A thorough procurement strategy was developed and implemented to engage the supplier market via a selective tender process. Tenderers submitted proposals to deliver a turn-key solution as a service. The Procure IT Framework was used for the acquisition of ePINS providing a robust and detailed contract structure.

The results
As a result of an aligned procurement strategy to business needs and agile sourcing process a Software as a Service (SaaS) provider was engaged achieving:

- Immediate access to the latest technology in the market
- ePINS hardware and software maintenance and support as a service
- Enhanced quality and reduced time to issue notices, allowing Transport Officers to focus further on customer service
- Minimised revenue loss by fare evasion deterrence.

Key learnings
Working collaboratively with the business under the Procure IT framework allows the Strategic Procurement Unit to support the business in meeting their procurement needs by providing end to end procurement solutions in a timely manner.

“The Procure IT Framework was used for the acquisition of ePINS providing a robust and detailed contract structure.”
Helmet, Breathing Apparatus Mask and Integrated Communications

The Agency
Fire & Rescue NSW (FRNSW) is responsible for the provision of emergency services relating to fire, rescue and the handling of hazardous materials throughout NSW. It is a key agency involved in the response phase of disaster incidents.

The situation before
The procurement approach to Helmet, Breathing Apparatus Mask and Integrated Communications was to develop a specification for individual components and then engage the market through public tender, typically limiting the nature and type of engagement with industry through the procurement process.

The project
Working collaboratively with the Office of Finance and Services and the Procurement Industry Advisory Group, a team from FRNSW applied fresh thinking to meet the challenges of ensuring the safety, operational effectiveness and standards compliance of their firefighting helmet solutions.

Implementation
FRNSW took an outcome-based approach to procurement, framing requirements as part of desired outcomes statements.

This allows for industry innovation, providing integrated solutions which meet overall objectives rather than meeting the technical specifications of one aspect of the solution.

The results
The desired outcome integrates the Helmet, Breathing Apparatus Mask and Integrated Communications components for improved safety and faster response times.

FRNSW is working with industry to come up with an innovative and integrated solution.

Key learnings
The project commenced in July 2013 with comprehensive consultations with user groups to develop desired outcomes.

This formed the basis of industry consultation which was supported by a process exploring possible solutions, before a decision was made on the preferred strategy for the project.

Working with the support and guidance of the Procurement Industry Advisory Group has helped assist the potential success of this new approach to procurement.

“The desired outcome integrates the Helmet, Breathing Apparatus Mask and Integrated Communications components for improved safety and faster response times.”
**The Agency**

NSW TrainLink provides services between Sydney and regional NSW and to Brisbane, Canberra and Melbourne.

**The situation before**

NSW Trains (NSWT) operates a computer reservation system (CRS) for its regional train services. The CRS was hosted in-house with IT infrastructures that are no longer catering to its requirements. The system and infrastructures are supported by three separate vendors under three separate legacy contracts.

**The project**

With a requirement to renew the IT infrastructure to support ongoing system growth and developments, a project team reviewed alternative solutions to in-house hosting.

The preferred solution sees one single vendor to be engaged to provide an end-to-end managed service to support the CRS.

**Implementation**

NSW Trains formulated an outcome based procurement strategy to deliver best value out of the arrangement.

The specific technical requirements of NSWT and limited number of solution providers in the market prompted NSWT to openly engage with suppliers in the market to perform direct negotiations. This enabled the best outcomes and rapid time-to-market implementation.

**The results**

As a result of an aligned procurement strategy to business needs, the Contracts and Procurement team is able to negotiate and deliver improved value to the business.

Supplier rationalisation from 3 to 1 will provide the business with a single accountable vendor and a clear supplier management framework to improve service performance.

Reduced unit rate and better payment terms will deliver financial benefits to NSWT. The agreement also secured dedicated resources from the vendor to perform system enhancement and development.

**Key learnings**

Stakeholder engagement has enabled the team to work together to deliver an alternate business solution with improved commercial and operational terms without going through a major supplier and system transition. This meets the procurement needs of the business and addresses risks in a timely manner.
**The Agency**

Transport for NSW (TfNSW) is responsible for managing and shaping the future of the transport system in NSW. Transport Shared Services (TSS) has a key role supporting the objectives of the Transport cluster by delivering transactional and value-add business services across four functional streams - Financial Services, Human Resource Delivery, Procurement Services and Asset Management and Workplace Services.

**The situation before**

While transport agencies were compliant with the government contract for Workplace Supplies (C1006), not all TfNSW agencies used the same supplier.

Roads and Maritime Services (RMS), RailCorp (now Sydney Trains and NSW Trains) and TfNSW have had a long association with Staples, Maritime used a mix of suppliers and the State Transit Authority (STA) had recently consolidated their supply base to focus on Office Max. Office stationery items and pricing varied between agencies. TSS identified the opportunity to consolidate the various office products suppliers.

**The project**

TSS worked collaboratively with the Office of Finance and Services (OFS), undertaking a spend analysis across the top 600 stationery items purchased in RMS and RailCorp in calendar year 2011. The top 600 products represented a total value of $3.38M, 46% of the total expenditure ($7.3M).

**Implementation**

Detailed spend analysis of office stationery items and pricing identified that about half of the items purchased were not catalogue items. OFS issued a request for quote to the three incumbent vendors in June 2012 for pricing on those 300 non-catalogue items. The C1006 catalogue was expanded to include required additional Transport office products.

**The results**

It was determined that by partnering with COS (Complete Office Supplies) as its preferred supplier for office products, TfNSW would achieve financial benefits.

**Key learnings**

A centralised point for strategic contract management can drive future cost reductions by managing economic order quantities, consolidating requirements and assessing the feasibility of product range rationalisation.

“TSS worked collaboratively with OFS, undertaking a spend analysis across the top 600 stationery items purchased in RMS and RailCorp in calendar year 2011. The top 600 products represented a total value of $3.38M, 46% of the total expenditure ($7.3M).”
The Agency

The Treasury’s purpose is to increase the living standards of the people of NSW through:

- Leadership in economic, financial and industrial relations advice with a focus on quality solutions
- Budget analysis that promotes effective allocation of resources
- Successful execution of approved complex transactions.

The situation before

In 2011, the Government committed to a range of savings and reforms to correct the structural budget deficit and to create the financial capacity to implement new initiatives. Clusters were faced with the challenge of delivering improved services while managing savings reforms with limited program management capability across the sector.

Agency specific approaches to identifying and reporting on savings were inconsistent and lacked a standard methodology framework to provide the Expenditure Review Committee (ERC) with the assurance that accurate reporting of progress could be communicated to the credit ratings agencies.

The project

Treasury identified that the private sector’s approach to managing large scale reform programs involves the engagement of specially designed program management methodologies, tools and software. These ensure that governing boards and project sponsors are confident that all the conditions for success have been addressed and risks and mitigations well understood.

Early warning of project slippage promotes the right conversations at the right level. Treasury was confident that a private sector solution could address the Government’s need for assurance around the progress in delivering savings targets.

Implementation

A Request for Proposals was issued in 2011 seeking assistance to support NSW Treasury establish the Fiscal Effectiveness Office (FEO). Seven submissions were received, with the Boston Consulting Group (BCG) the successful proponent. BCG assisted FEO to roll out its Rigorous Program Management (RPM) methodology across all clusters, helping to develop and deliver training programs for users to create Roadmaps (savings plans) and establish Program Management Offices.

The results

All clusters have worked with FEO to establish Roadmaps for their allocated savings targets, which total $18.9 billion over the six years from 2011-12 to 2016-17. The ERC receives progress reports from each cluster and for whole of government progress from FEO. The ERC has confidence that the RPM system used by FEO provides timely, accurate and reliable reports on the progress of each cluster in identifying transparent and sustainable savings strategies. This advice is highly valued and trusted by the ERC mainly due to the rigorous and consistent methodology applied.

Key learnings

By looking at private sector models used to manage significant reform programs the Government has taken a big step to enhance the sector’s program management capability at senior executive levels. The RPM methodology and tool also ensured that a rigorous and consistent approach is being taken to identifying savings strategies.