



# GOVERNMENT PROCUREMENT FOR DIGITAL SERVICES

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# Introduction

Government procurement can be a daunting process both for suppliers, and public sector buyers who are required to balance compliance, fairness and value for money.

With more than a decade of experience as a service provider & partner to NZ Government & public service agencies, we've learned a few ways to simplify procurement allowing everybody to start delivering public value more easily - and faster.

To borrow language from the Department of Internal Affairs' Pae Hokohoko | Marketplace, this guide focuses on the procurement of "digital experience (DX)" services - the full range of services need

*NB. we offer support, maintenance & enhancement services, as well as specialised technical consultancy services under additional Marketplace catalogues. The information below applies to all engagements.*

While the NZ government procurement rules feel complex, the principles are actually quite short and simple:

- **Plan and manage for great results**
- **Be fair to all suppliers**
- **Get the right supplier**
- **Get the best deal for everyone**
- **Play by the rules**

Here are some key considerations we encourage our public sector partners to keep in mind when planning procurement.





# 1. Start Small

Planning how to approach your software delivery upfront is crucial to maximising a project's impact. The smartest ways to manage risk, optimise budget, secure learning opportunities and achieve best possible outcomes, can be found upfront as part of how work is structured and the delivery is planned. Your proposed supplier should understand the importance of supporting you with this.

The 2018 Standish Group CHAOS Report focused on the relationship between software project size and success rates.

The report analysed a database of over 50,000 in-depth project profiles from 2013 to 2017, on that dataset they established:

- Small projects are significantly more likely (x4) to succeed than large ones.
- Larger projects have a much higher failure rate and those failures tend to be more catastrophic in terms of impact, particularly delayed timelines, cost or duration overruns.

So, even if you are planning a significantly sized project to create a big impact... we strongly encourage you to break your vision down into a series of smaller phases or engagements.

This helps reduce risk and provides opportunities for meaningful engagement from stakeholders and users earlier. Moreover, this can simplify your procurement pathway while establishing healthy patterns for ongoing delivery engagement early in the relationship.



# 2. The Who & How matter (A Lot)

**The Who:** Executive and senior-stakeholder support are critical for your project to commence - and to succeed. Gaining confidence and being deliberate in how you shape their engagement and contributions from the earliest stages of procurement is key. NZ Government stakeholders are understandably nervous about undertaking large IT projects after decades high-profile incidents and failures. From the 2012 Novopay crisis to more recent headlines over 2022 Archives NZ's IT overhaul project or 2023's Births, Deaths & Marriages project, the public scrutiny comes in thick and fast when a delivery is not going as planned. That (reasonable) concern can manifest itself in rigidly structured or contracted engagements, which may not best serve your agency or the project's needs.

**The How:** We always encourage prioritising discrete pieces of work (ideally in stages or phases) that will deliver on highest priority outcomes as early and safely as possible. If you have the privilege of time, starting slower and increasing velocity as the team gets in the rhythm of a successful delivery cadence is ideal. As you deliver and demonstrate tangible value against your outcomes and pass what you learn back into the next phase, stakeholder engagement, and trust, tend to grow. That sets you up for creating immediate impact from your project, but also smooths transitions between delivery phases.

It's not only smaller parcels of work & involving the right people early that matters in a delivery. Building upon a 2015 Standish Group CHAOS Report, we also know that adopting frameworks - such as agile development methods & practices has been shown to improve project outcomes.

MadeCurious. prides ourselves on taking a pragmatic approach to agility - focusing on transparency, inspection, adaptation and iteration, while avoiding the dogma that often gets associated with "Agile". Fortunately, the Marketplace contracts for DX Services anticipate and accommodate agile delivery methodologies "out of the box", allowing work to start quickly without the need for contractual modifications or special arrangements

# 3. Be Clear About What You Actually Need

Before you engage with the market, you should develop a clear “statement of needs” that covers: the outcomes that you want to achieve; who the users will be; what benefits or impacts you need to deliver; the capabilities you think you need and any other relevant background to the project.

If you are proposing to break a larger project into smaller, discrete phases, you will need to have a clear idea of sequencing and dependencies - as well as confidence that you have sufficient budget for all the phases! If you are only procuring for an initial phase, be very clear about the overall “big” picture and any risks or pre-conditions for the larger project to proceed. Good suppliers will engage with your statement of needs. Excellent suppliers will strive to deeply understand the outcomes and make proactive suggestions about how to use technology, scope or solution design to deliver value as early as possible while providing for future flexibility.

An excellent supplier becomes an invaluable partner in your delivery as well as into the future.

At this early stage, uncertainty and complexity are a given. Both supplier and agency should be focusing on high-level approaches and appropriate technology and delivery decision making - rather than jumping into detailed solution-mode. Beware the allure of “off-the-shelf” solutions to unique problems. Ongoing costs and limitations of customisation can undermine the outcomes you are seeking.

It can help to seek out suppliers with a broad base of capabilities in-house. Collaboration and hand-offs can sometimes break flow and introduce new risks and unexpected costs or delays to project delivery. If collaboration between multiple vendor-parties is a given in the context of your digital landscape, acknowledge this from the outset, and seek a partner who has a suitable toolset for collaboration and a track-record of successful multi-vendor deliveries.

# 4. It's All About Relationships... & Communication

As you prepare to procure, do remember that relationships and communication are fundamental to the success of the project. That applies to the internal relationships inside your organisation (think key stakeholders, users, procurement team and legal team) and to engaging with suppliers.

Early engagement with your internal procurement or legal advisors will help you to understand any unique requirements, thresholds, processes or approvals that might impact your project later. In turn, this helps you manage the expectations and needs of your preferred supplier(s) when you speak with them. Securing the right skills and resources is always challenging, but losing time to procurement processes can result in timeline delays that may be hard to catch-up later. We encourage you to take the time to find the right potential suppliers to engage with. Use referrals and reputation to identify partners who will help you to explore & understand delivery trade-offs and options early in the procurement cycle.

DIA's Pae Hokohoko | Marketplace makes it easy for agencies to identify and compare reputable suppliers across a broad range of Consultancy & Professional Services and Managed Services listings (<https://marketplace.govt.nz/about-marketplace/whats-open-on-marketplace/approved-suppliers/#Managed>). From there, you can simply and easily connect with a shortlist of preferred suppliers and start your process in earnest.

Done well, procurement will be the start of a delivery partnership. It may well also be the start of a long term partnership extending into the future and allowing you to maximise ROI over the lifecycle of your solution. From your earliest conversations, assess potential suppliers for their track record, capability alignment, team compatibility & solution capabilities. Engaging with the market and your preferred suppliers presents a huge opportunity for valuable learning from the get-go. Make the most of these procurement conversations to gather insights and understand possibilities.

# 5. Don't Reinvent The Wheel

## Leverage Pae Hokohoko | Marketplace

Pae Hokohoko | Marketplace exists to reduce the time, cost and effort for agencies to procure, negotiate and manage contracts with approved suppliers like MadeCurious.

For digital experience (DX) services, it replaced the Web Services Panel, of which we were a member since 2016. Going straight to secondary procurement via Pae Hokohoko | Marketplace means you likely only need to formally request proposals via GETS for larger and riskier projects. Otherwise, you can approach suppliers directly and start that all-important conversation early.

If you procure via a panel you can take advantage of streamlined procurement processes. This is also known as “secondary procurement”. That’s because suppliers on the panel have gone through an application and pre-selection process which includes providing evidence of their business record, key personnel, experience, capability and, in many cases, security posture.

Pae Hokohoko | Marketplace publishes guidance (<https://marketplace.govt.nz/agencies/secondary-procurement-guidance-for-agencies/>) on how to successfully undertake a secondary procurement process.

There are multiple, acceptable methods including:

- Competitive quotes (including measures of expertise, proposed solution and /or best public value).
- Direct source, based on the best fit for purpose.
- Rotation.
- Equal division of work.
- Preferred Supplier.
- Location.

Regardless which secondary method an agency chooses to apply, the rationale needs to be clearly documented. Your agency may very well already be a Pae Hokohoko | Marketplace participant. If not, their website has what you need to know.

We find Pae Hokohoko | Marketplace especially helpful for agencies without dedicated procurement teams, or for those whose internal legal teams are unfamiliar with contracting for technology and software services. It’s helpful for suppliers as well, to be working with familiar contracts and templates, reducing the time and cost of bespoke-contracting for each engagement.

Be aware that before you can engage via Pae Hokohoko | Marketplace - your agency does need to be registered and enter into Agency Participation Terms. Early engagement with your procurement or legal team should help you to plan ahead and ensure this process does not become a constraint or delay later.





# 6. Selection & Contracting

We've found that both the final selection of your preferred supplier and the pathway through contracting are significantly streamlined when you leverage Pae Hokohoko | Marketplace.

That is because the processes - and the contract templates - are simple, appropriate for the work & context. They're also familiar to all the participants to all the participants in getting the commercials in order for signing off and moving into delivery.

Lastly - once you have your contract on foot, please don't forget to go back to the unsuccessful suppliers to let them know where and how they may have fallen short in their bid to work with you.

A motivated supplier will put their absolute best effort and significant resources into supporting you through the procurement engagement process - and will always appreciate the opportunity to learn where they may have missed the mark so they can better prepare for any future collaborations.