Market Readiness Workbook

GATE

2

Contents

Background

The Gateway Review process examines programs and projects at key decision points. It aims to provide timely advice to the Senior Responsible Officer (SRO) as the person responsible for a program or project. A review provides the SRO with an independent view on the current progress of the program or project and assurance whether it can proceed successfully to the next stage.

Given the aim is to help the SRO at key decision points, each review is short and focussed on the work that is complete at the time. For the best result, a review is carried out shortly before a key decision is made to allow sufficient time for recommendations to be implemented.

The Gateway Review process supports delivery of a wide range of programs and projects and is coordinated through the 3PMO.

Document Amendment Record

Version	Change Description	Date	Coordinated by
1.0	First Published	29/09/2017	Paula Hollamby, PMO

Overview

About this Workbook

This workbook supports the Gate 2: Market Readiness Review.

This Review investigates the assumptions in the final business case (or similar document) and proposed delivery and procurement strategy proposed in order to complete the project. The procurement documentation to be assessed will include details of the sourcing options, proposed procurement route and supporting information. It offers key questions to explore and evidence to look for. Because each program or project is unique and circumstances change, the workbook should be used as a guide to the range of appropriate questions and evidence, rather than a full checklist of mandatory items.

Market Readiness

A Gate 2 Review assesses a project's viability, potential for success, value-for-money to be achieved and the proposed approach for achieving delivery of its objectives. If appropriate, the Review will also assess whether the project is ready to invite proposals or tenders from the market. This Review provides assurance that the selected delivery approach is appropriate for the proposed change, whether involving the acquisition of goods or services, effecting organisational change, policy implementation, roll out of services or infrastructure development.

Note that where a project alliancing / strategic partnering arrangement is in place or proposed, procurement regulations may still apply with market benchmarking, value-for-money assessments and potential contract changes. The Gate 2 Review must still be undertaken. The Review Team must be satisfied that due consideration has been given to all the factors, including choices about proposed commercial arrangements with the existing supplier that offer value-for-money.

A project will normally go through a single Gate 2 Review to validate the proposed procurement approach before commitments are made to prospective suppliers or procurement partners regarding the acquisition process. However, large procurement projects taking many months may need to go through more than one Gate 2 Review.

Note – the terms supplier, bid, tender, contract etc in the following sections should be interpreted in the context of the nature of the delivery solution and the likely commercial relationship between the department and the delivery partner organisation.

Purpose of Gate 2

This Gateway Review will:

- confirm the business case when the project is fully defined;
- confirm the objectives and desired outputs of the project remain aligned with the program to which it contributes;
- assess whether the procurement approach is robust, appropriate and has obtained the necessary approvals;
- assess whether the project's plan is appropriately detailed and realistic, including the contract management strategy;

- assess whether the project controls and organisation are defined, financial controls are in place and resources are available;

- confirm funding availability for the whole project;

- confirm that the development and delivery approach and mechanisms remain appropriate and manageable;

- check the supplier market capability and track record (or that of existing supplier) are fully understood and that there will be an adequate competitive response from the market to the requirements;

- confirm that the project will facilitate good client / supplier relationships in accordance with any relevant SA Government initiatives;

- confirm that appropriate project performance measures and tools are being used;

- confirm that there are plans for risk management, issue management (business and technical) and that these plans will be shared with suppliers and delivery partners;

- confirm that quality procedures have been applied consistently;

- confirm adherence and compliance to health, safety, sustainability and environmental requirements,

- for IT enabled projects, confirm compliance with IT and information security requirements and IT standards;

- confirm that internal resources and capabilities will be available, as required for the future phase of the projects;

- confirm that stakeholders support the project and are committed to its success;

- evaluate actions taken to implement recommendations made in any earlier assessment of deliverability; and

- ensure there is buy-in and engagement of the proposed project deliverables across the department's business units to meet their needs and requirements.

Project Documents

Examples of evidence relevant to the areas of investigation covered in the sections following should be available before the Gateway Review process commences.

The information is likely to be found in the documents suggested below, but may be located in other program or project documents, or elsewhere in the department's systems. These documents include:

- a final business case and initial plan for realisation of benefits;
- the project's costs to date, set against budget and based on approval against the business case;
- a plan for managing business change;
- specification of the project's expected outputs and outcomes;
- the procurement and/or acquisition approach and documented justification for the chosen approach;
- tender documentation including specifications, developed design drawings, a draft contract based on a suitable contract model, conditions of tender and format of tender response;
- the evaluation strategy and model to be used for evaluating proposals, including evaluation criteria and weightings.
- the proposed implementation strategy for the new service / and or works contract;
- an updated risk register, issue log and risk management plans;
- current and planned business and technical policies, strategies and constraints such as health and safety standard and information assurance requirements such as security schedules;
- an outline of project plans to completion and detailed plans for the next phase
- results of any business, commercial or technical benchmarking;
- updated market intelligence and supplier assessment for procurement projects;
- updated communications strategy and plan;
- project quality documentation;
- a strategy for measuring project performance, including health and safety for construction projects;
- business requirements documents;
- concept of operations; and
- scope of works or output specifications.

The Review

This section contains topics that would commonly be considered when undertaking a Gate 2: Market Readiness Review. Review Teams are expected to use their own expertise in determining whether these topics are relevant and appropriate for the specific project under review. The Review Team may determine additional topics be considered that are also critical to the assessment of the project.

1. Assessment of Delivery Approach

Areas to Probe:	Evidence Expected:
1.1 Have all the relevant options for delivery been investigated and do these consider both the business needs of the agency and address relevant government priorities?	- all appropriate sourcing options have been examined such as the use of internal resources, single or multiple suppliers, opportunities for collaboration, shared services, use of existing frameworks etc; - for construction projects, evidence procurement routes, project alliancing and design and construct have been fully evaluated; and - for IT enabled projects, the decision to contract for an output or for constituent building blocks or activities is sound; - commercial intelligence on market capability supports the comparison with similar projects and analysis; and - reasons for electing sourcing options are documented and justified.
1.2 Are the business needs clearly understood and likely to be understood by those involved in delivery?	- a detailed output or outcome-based definition of requirements; - specification to include key success factors to show how achievement of outputs or outcomes will be assessed; and - appropriate quality criteria applied to information for the department (internal or external).
1.3 Are the project outputs or outcomes accurately reflected in the requirement specification?	- depending on the nature of the delivery, stakeholders have reviewed and endorsed an appropriate form of requirement specification and; - an appropriate mechanism to articulate the requirement to potential suppliers, internal or external, quality assured to ensure that suppliers will understand what is wanted.
1.4 Will the project be attractive to the market?	- detailed market soundings undertaken, including an examination of recent similar procurements by others or a commentary on the capacity of the market and the nature of the project's likely suppliers; - initial assessment of likely suppliers undertaken; - an assessment of market capacity to deliver; - an assessment of the competitive interest in the requirement; - if appropriate, assurance that the department has adequate expertise and capacity to undertake internal delivery of the project; and - analysis of potential variations or innovations.

1.5	Has the proposed procurement procedure been evaluated?	- an open, restricted, negotiated or sole supplier procedure has been identified; - reasons for following this procedure are understood, related risks have been evaluated such as the impact on timeframes and bid costs for suppliers and decisions justified and documented; - if appropriate, other options have been considered and the risks and benefits evaluated; - legal advice has been sought on any procurement approach; - where relevant, evidence is available indicating good forward planning of the procurement process and time savings identified; and - where relevant, evidence that conditions of tender and contract have been used or that variations have been endorsed.
1.6	Is the selected procurement approach defined and endorsed?	- delivery and procurement strategy is clearly defined, showing reasons for selection, and has been agreed with stakeholders; - evidence that government initiatives and current strategies have been taken into account; - evidence that the procurement is funded sufficiently to accept a tender, before tenders are invited; - evidence that business continuity and future exit, handover and transition strategies have been considered (high level); - confirmation of development, involvement and endorsement of the delivery strategy by the appropriate individuals; - strategy to include, as appropriate: - description of the key objectives and constraints such as timescale, funding mechanism and risk allocation; - the delivery model – how the approach will be achieved, including sourcing option and contract strategy; - the procurement procedures; - a time plan with a timetable detailing the relevant procurement rules needed for pre-procurement activities, implementation and contingency in the event of unavoidable slippage; - an assessment of marketplace and potential suppliers, the roles, resources and skills needed to manage delivery; - alignment with plans for implementation; and - procurement innovation and sustainability issues have been considered.

1.7	Have factors that may impact on the procurement strategy been addressed?	• documented evidence that key factors influencing the delivery strategy have been taken into account; and • evidence that efficiency and predictability of delivery process have been considered with a process in place for addressing the impact of any deviation from the plan and timetable, and plans for two-way communication with stakeholders and suppliers.

1.8	Will the delivery approach allow communication and cooperation between all parties and other related programs, projects or policies?	• a communication strategy and support mechanisms are in place; and
		• evidence that the delivery approach includes:
		  - early involvement of suppliers to ensure the decision is fully informed by the delivery process; and
		  - clearly defined performance criteria and a system for measuring performance.

1.9	Is there adequate knowledge of existing and potential suppliers? Who are the suppliers most likely to succeed?	• evidence showing adequate knowledge of existing and potential suppliers; • commercial market intelligence, market sources and potential suppliers; • public and private sector track records have been considered e.g. the public sector's ability as a customer to work in this way and the private sector's record in meeting a similar or equivalent business need; and • indication of the types of suppliers most likely to succeed in delivering the project.
1.10	Is there a robust contract management strategy?	• the contract management strategy includes consideration of departmental capability to manage the contract effectively and appropriately; • the contract management strategy takes account of factors such as the proposed relationship and the management of single or multiple suppliers; and • evidence of the continuity of key project personnel.
1.11	Has the project team complied with the relevant procurement policies and guidelines in preparing the tender documents?	• tender processes complying with procurement policies and guidelines; • tender documentation reviewed and shown to be substantially complete with an accurate description; • implications of the requirement thoroughly considered (e.g. ensuring take-up of new services with contingency plans for phasing out a current service); • scope of tender documents is broad enough to allow for appropriate flexibility now and in the future, and • tender documents including, evaluation criteria and weightings have taken into account relevant policies.

1.12	Do the stakeholders accept the evaluation strategy, including how to demonstrate value-for-money and is it compliant with relevant procurement policies and guidelines?	- an evaluation plan has been developed that includes evaluation criteria and rationale for evaluation weightings; - stakeholders have approved the evaluation criteria and model; - the evaluation criteria have been linked to business objectives and given appropriate weighting; - the financial and non-financial aspects of the evaluation have been separated; - the evaluation criteria has been included in information to potential tenderers; - the evaluation includes benchmarking the value-for-money offered by partnering, internal supplier, or framework call-off arrangements where appropriate; - consideration of contract duration in relation to value-for-money and whole-of-life costs; - whether to act on behalf of other public sector agencies in the role of a central purchasing body has been considered; and - for construction projects, appropriate weight has been given to health and safety, sustainability and design quality.

2. Business Case and Stakeholders

Areas to Probe:		Evidence Expected:
2.1	Does the business case continue to demonstrate business need and contribution to the department's business strategy?	- ongoing confirmation the project will meet business needs (including confirmation that priorities remain unchanged where any external factors may have an effect); - confirmation that the objectives and desired outputs of the project are still aligned with the program to which it contributes.
2.2	Is the preferred way forward still appropriate?	an assessment based on indicative assumptions about factors such as interdependencies with other programs, projects or policies, reliance on partners to deliver, availability of internal resources, etc.

2.3	Is the proposed arrangement likely to achieve whole-of-life value-for-money?	• stakeholders have agreed on the basis for calculating costs or value of requirements and comparison of procurement approaches such as tenders; • the business case has been updated on the basis of the full project definition, market assessment and initial benefits plan; • delivery strategy is reflected in the business case; • examination of sensitivities and financial implications of handling major risks and assessment of their effect on project return; • demonstrated application of learning from past experience; and • projects that are not designed to achieve a financial return should include comparisons with similar successful projects to assess the potential to achieve value-for-money and to set targets.
2.4	Are the costs within current budgets? Is the project's whole-of-life funding affordable and supported by the key stakeholders?	• reconciliation of projected whole-of-life costs with the available budget; • stakeholders have reviewed and accepted or approved the project budget; and • project costs are within the department's forecast spending plans.
2.5	Is the department realistic about its ability to achieve a successful outcome?	• comparison with similar projects, assessment of past record in achieving successful change, plans to manage known weaknesses, where applicable plans for incremental / modular approaches and contingency plans are in place; and • if the project crosses agency boundaries, there are clear governance arrangements to ensure alignment with the business objectives of all agencies involved.
2.6	Is there clear definition of the project scope?	• updated document showing total project scope including business change, where applicable.
2.7	Are the risks and issues relating to business change understood? Is there an initial plan to address these issues?	• risks and issues relating to business change are logged with a management plan for and owner assigned to each; and • relevant impact assessment and appraisal issues (such as regulatory impact, sustainable development and environment appraisal) are documented.
2.8	Do stakeholders continue to support the project? Is the department still fully committed?	• documented involvement of, and endorsement by stakeholders.

2.9	Are the benefits to be delivered by the project understood and agreed with stakeholders? Is there an initial plan for realising and evaluating benefits?	• benefits are clearly stated; • initial plan for realising and evaluating delivery of benefits including costs offset (e.g. improved quality of service / savings over the project's expected life); and • critical success factors for the project are still valid and agreed with stakeholders.
2.10	Is the delivery strategy consistent with the approved business case?	• consistency of the delivery strategy within the business case.

3. Risk Management

Areas to Probe:		Evidence Expected:

3.1	Are the major risks and issues identified, understood, financially evaluated and allocated in determining the delivery strategy?	• major issues and risks are logged and up-to-date including technical, strategic, political, commercial and legislative. In addition:
		  - interdependencies are identified, if applicable, with other projects within this program and with other programs (internal and external);
		  - for construction projects, health and safety risks for the whole-of-life of the project have been identified;
		  - for IT enabled projects, risks relating to IT and information security and take-up have been identified;
		  - each risk has been assessed financially and included in the business case either as a sensitivity or a separate risk; and
		• assessment of all technical risks documented, such as 'buildability' and risks associated with innovation.

3.2	Are there risk management plans in place?	• a project risk management strategy is in place, developed in line with best practice; • stakeholders have approved the clearly identified and allocated responsibilities for managing each risk; • a risk reporting process is in place for upward referral of risks; and • contingency and/or business continuity plans have been developed if required.
3.3	Have all the issues identified been satisfactorily addressed?	• issue and risk registers are regularly reviewed by project team and evidence of appropriate action taken.
3.4	Are the external issues being addressed? These include the statutory	• there is a list of external issues and related stakeholders plus plans for contact with each; and • an external relations plan has been developed and implemented as part of the communications strategy.

process,
communications,
public relations and
environmental
issues?

4. Review of Current Phase (Pre Delivery Phase)

Areas to Probe:	Evidence Expected:
4.1 Is the project under control?	- the project is on schedule and costs are within budget as shown in the project budget and timeline reports; - governance structure has been agreed and staff assigned to the project; and - stakeholder engagement plan, project plan and other relevant critical documentation is in place and appropriately managed.
4.2 What caused any deviations such as over or under-runs?	- reconciliations set against budget and time plan and in accordance with risk allowances; and - reconciliations supported by variance reports which explain the reasons for variances and actions taken in response.
4.3 What actions are necessary to prevent deviations recurring in other phases?	analysis and plans documented in project management documentation that is continually reviewed and updated.
4.4 Are there any assumptions documented at Gate 1: Funding Readiness that have not been verified?	- log of outstanding assumptions and plans to verify then; and - assumptions classed and managed as issues where appropriate.

5. Readiness for Next Phase (Procurement Phase)

Areas to Probe:	Evidence Expected:
5.1 Is the project plan for the remaining stages realistic?	- clear objectives, deliverables and milestones for the next stage have been defined and signed off by stakeholders; and - recommendations from previous Gateway Reviews been actioned.

5.2	Are the project's timeframes reasonable and compliant with relevant procurement policies and guidelines?	- timelines are likely to meet business and legislative needs and have been verified with internal stakeholders and suppliers; - comparisons made with similar projects; - where appropriate, relevant procurement policies and guidelines and their effect on timeframes are taken into account; and - an analysis of any slippage affecting the project (e.g. procurement schedule) and suppliers with supporting sensitivity analysis.
5.3	What are the arrangements for the next stage of the project? Have its activities been defined and resourced?	- plan showing roles, responsibilities, training requirements, internal and external resources, skills requirements and any project management mentoring resources available; - there is involvement from across the department (i.e. planning, delivery, operations, communications, procurement); - a suitable and appropriate plan for the selected delivery approach that identifies all key review and decision points, including any preliminary reviews; and - an appropriate form of contract has been identified as the baseline for adaptations as required.
5.4	Does the project have the appropriate resources, skills and experience required?	- requisite skills are available in the project team and there is access to external expertise as appropriate; - project relationships such as team-working and partnering have been considered, with a plan to implement them where appropriate; - an internal and external commitment to provide the required resources; - job descriptions for key project staff; - a skills audit has been undertaken and plans made for addressing shortfalls; - contract management staff identified to join the project team at a timely stage to familiarise themselves with the project's intent and processes; and - appropriate allocation of key project roles between internal staff, consultants and contractors.

Resources

Gateway Review Resources

Refer the Gateway Review Process Overview

Workbooks have been prepared for each Gateway Review. The workbooks provide further guidance on:

- the structure of each review;
- areas of investigation and topics to be explored; and
- examples of the types of evidence / artefacts that the Review Team will seek.

Additional Information

For further information, please contact the Project Office:

Email: DPTI.GatewayReviews@sa.gov.au

Intranet: http://cms.dpti.sa.gov.au/portfolio_management_office/gateway

Acknowledgements

The department acknowledges the assistance of Gateway Unit, Department of Treasury and Finance, Victorian Government in preparation of these materials.

Successful Delivery Toolkit, UK Office of Government Commerce (OGC), 2007

OGC Gateway^{TM} is referred to in this document as 'Gateway'.

OGC Gateway^{TM} is a Trade Mark of the UK Office of Government Commerce