Demand Analysis

What is Demand Analysis?

Demand Analysis is undertaken to ensure that assets are able to meet the required level of service to enable agencies to meet its strategic objectives.

Demand Analysis includes:

- Identifying community expectations, needs and priorities;
- Identifying strategies to meet future demand, including identifying non-asset solutions; and
- Planning and prioritising the provision of resources to meet forecasted demand.

This topic is set out in Section 3.3 of the Guide to Managing South Australian Government Buildings.

> *"The process an organisation uses to both assess and influence the demand for, and level of services from, an organization's assets."*
>
> Global Forum on Maintenance and Asset Management – The Asset Management Landscape Second Edition

When to use Demand Analysis

Demand Analysis is an important part of effective asset management planning, particularly when there are forecasted changes in the community's need for a service or when a new service is being contemplated.

Demand Analysis is of particular relevance when considering:

- Procurement or creation of new assets;
- Refurbishment or upgrading of existing assets;
- Management of existing assets; or
- Disposal of assets.

Current Government policy on asset management requires agencies to review and adopt defined processes to identify the most efficient use of assets required to effectively meet the community's service needs. Where a review identifies a potential need for new assets due to demand exceeding the capacity of existing assets the following techniques can be used to confirm the need to invest in new assets or identify other ways in which to manage the shortfall. The evaluation requirements in Treasurer's Instruction 17 should also be considered when undertaking demand analysis.

How to use Demand Analysis

Key stakeholders should be involved in the process to identify strategies, assess risk and make decisions. This involvement will enable a clear understanding of the impact that changes in the availability of resources and services will have.

Demand Analysis

In particular, other agencies that may be affected should be included in the process to ensure that demand is appropriately managed.

The elements of Demand Analysis include:

- Identifying, defining and measuring current and future service demand;
- Measuring current and future service capacity;
- Measuring the gap between projected demand and capacity;
- Identifying strategies to influence demand, including an assessment of the potential impact of those strategies;
- Performing a risk analysis;
- Developing an appropriate demand management strategy;
- Implementing the strategy, monitoring its impact, and reviewing its process and success.

Non-asset solutions that can be used to manage service demand include:

- Introducing alternative services;
- Targeting services to areas of real need;
- Outsourcing service delivery;
- Educating the community to achieve informed, reduced demand for services;
- Legislative or regulatory restrictions on access to the service;
- Rationing or means-testing access to it; and
- Introducing charges.

Benefits and Risks

The benefits of an effective demand management strategy include:

- Aligning service demand to the capacity of existing infrastructure to meet demand;
- Better forecasting of short and long term demand and assessing opportunities to develop non-asset solutions to meet demand.

Effective planning should result in better management of existing assets and planning of government capital projects. Services can then be prioritised and planned in a manner that uses available resources efficiently and effectively.

The risks associated with implementing demand management must be carefully managed. A failed process, or inappropriate strategies, may lead to:

- A failure to identify and/or satisfy real demand for services; and/or
- Adoption of inefficient, short-term solutions that impact future service delivery.