# **Application of complexity drivers to the four complexity quadrants checklist**

**Application of complexity drivers to the four complexity quadrants checklist** describes the typical characteristics of goods and services in each quadrant.

Please note that characteristics may vary across procurement categories and are indicative only.

| Complexity driver | Transactional (quadrant 1) | Leverage  (quadrant 2) | Focused  (quadrant 3) | Strategic  (quadrant 4) |
| --- | --- | --- | --- | --- |
| How customised are the requirements | Standard good or service.  Typically an ‘off‑the‑shelf’ good. | Commoditised good/service, generally requiring no or a low level of customisation. | Complex/novel specifications.  May include project specific requirements. | Complex/novel specifications.  Scope of specifications may not be fully known i.e., supplier innovation required. |
| Critical to business | Low criticality to business.  Goods/services generally used in back‑office functions or are consumables.  Good/service easily replaced if supplier defaults.  Limited security implications. | Low criticality to business.  Goods/services generally used in back‑office functions or are consumables.  Good/service easily replaced if supplier defaults.  Limited security implications. | Medium to high criticality to business.  May involve servicing or maintaining a critical asset.  An interruption to core services would occur where supplier defaults.  Potential for security implications. | High criticality to business.  Significant interruption to core services where supplier defaults.  Potential for significant security implications. |
| Substitutes/ suppliers | Competitive supply market exists, typically with many alternate goods/services or suppliers. | Competitive supply market exists, typically with many alternate goods/services or suppliers. | Limited number of alternate goods/services or suppliers exist.  Sometimes prior intellectual property has been co‑developed with vendor. | Competitive marketplace or volume of spend creates competitive leverage with a smaller number of suppliers. |
| Supply market dynamics | Procurement will have no material impact on competition or financial sustainability of the market.  Typically no impact on small to medium size enterprises (SMEs) in the market | Procurement will be material to the market but may not impact the competitive landscape.  Potential for impact on SMEs. | Procurement may result in a significant impact on the market, reducing competition.  Potential for impact on SMEs. | Procurement may result in the creation of a monopoly or potential gain in market power by government.  Potential for impact on SMEs. |
| Procurement spend/cost | Total cost of ownership (TCO) is low.  Minimal support or maintenance requirements. | TCO is typically large value, usually made up of a high volume of low to medium value individual transactions.  Minimal support or maintenance requirements.  Cost of implementing new vendor across multiple departments should be incorporated. | TCO is typically a medium to large value.  Can require ongoing support or specialised/dedicated skills to manage procurement activity. | TCO is typically a large value.  Can require ongoing support or specialised/dedicated skills to manage procurement activity. |
| Impact of demand aggregation | Size/volume of procurement activity is usually too low to offset the cost of the demand aggregation process. | Commercial involvement and/or pooled demand can impact price and/or service quality of good/service. | Complex or novel specifications limits ability to leverage volume as requirements generally only apply to one organisation, business unit or project. | Volume/size of spend may create market leverage, but good/service may be organisation‑specific with limited benefit of demand aggregation. |
| Indirect impacts | Procurement aligns with all objectives of an organisation’s environment, social, including social procurement and/or economic policies. | Procurement aligns with all objectives of an organisation’s environment, social and/or economic policies. | Some consideration may be required of potential trade‑off between objectives of the procurement for the organisation and the objectives of an organisation’s environment, social and/or economic policies. | Some consideration may be required of potential trade‑off between objectives of the procurement for the organisation and the objectives of an organisation’s environment, social and/or economic policies. |

## Using this tool

This tool accompanies the [Complexity - Goods and services procurement guide.](https://buyingfor.vic.gov.au/complexity-goods-and-services-procurement-guide)

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